FINANCIAL TIMES

### World News UN envoy tries to revive Gulf

peace talks

A United Nations envoy held talks with senior franian offi-cials in Tehran in an effort to breathe life into the stalled peace negotiations between fran and fraq. Page 4

Peruvian gas blast About 150 Peruvian miners were feared dead after an explosion trapped them in a gold mine in Ica province.

Namibia forces cut Mr Javier Perez de Cuellar, the United Nations Sec-retary-General, bowed to budget concerns and cut the Nami-bia peacekeeping force to 4,650 troops from 7,500. Page 4

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Argentine surrender Fourteen civilian commandos surrendered after holding off hundreds of soldiers and police all night at a suburban military base. Page 5

Spanish union talks Spanish Government representatives and union delegates met in a last-ditch attempt to agree on how to settle differ-ences that led to a general strike last month. Page 2

Angolan reshuffle Mr Jose Eduardo dos Santos, Angola's President, appointed Mr Pedro de Castro van Dunem as Foreign Minister, replacing Mr Afonso van Dunem in a reshuffle of government and diplomatic posts.

### Militia battles

Four people were killed as Shia south Lebanon while their leaders met Syrian and Iraman officials in Damascus to seek an end to the bloodshed.

### Israeli raid Israeli soldiera killed a Pales-

tinian youth in a raid on a West Bank village as security forces cracked down on the "Palestinian Popular Army."

**Boeynants ID card** A shadowy group, the Brigade Socialiste Revolutionnaire, claiming to hold former Bel-gian prime minister Paul Van-den Boeynanis hostage for ran-som, said he is alive, 10 days after he disappeared. Page 2

### Rocket contract

The company that launches Western Europe's Ariane rocket said it will spend \$3bn on 50 launchers, the higgest space rocket contract ever.

**EC Parliament fight** The foreign ministers of France and Luxembourg said they would use every legal means to fight any transfer of the European Parliament from Strasbourg to Brussels.

Gandhi wins states After being trounced in the south Indian state of Tamil Nadn by a local party, Mr Rajiv Gandhi's Congress-I party won the small north-eastern states of Nagaland and Mizoram.

Bundy executed Ted Bundy, the law school dro-pout who comessed to killing 20 women, was executed in the electric chair in Starke, Florida for the 1978 rape and murder of a 12-year-old girl.

Sorsa resigns Finnish Foreign Minister Kalevi Sorsa, the most experi-enced official in the govern-

### resignation. Page 2 STERLING

New York close \$1.7690 (1.7760) \$1.7695 (1.7735) DM3.2600 (sat

FFr11.0950 (11.0975) SFr2.7825 (same)

Y225.75 (226.75)

FFr6.2675 (6.2315)

SFr1.56075 (1.5490)

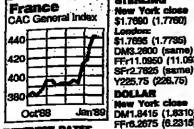
Y127.675 (127.45)

DM1.8430 (1.8380)

FFr6.2700 (6.2575)

DOLLAR

### MARKETS



Federal Funds 918% 9-min 1168-57, yield: 8.5% (8.51) FFTD-210 (1.5575) yield: 8.5% (8.51) SFr1.5610 (1.5575) Long Bond: 1023 Y127.55 (127.80)

close 13 3 % (13 %)

COLD New York \$406.3 (409.0)

STOCK INDICES New York close Dow Jones Ind. Av. 2,258.43 (+38.04) 8&P Comp 288.49 (+3.99) London:

FT-SE 100 1,941.1 (+16.4) 142.24 (Mon) Tokyo Nikkei Ave 31,557.68 (+224.80) Commerzbank

1656.4 (+17.1) Brent 15-day (Argus) \$16.80 (+0.05) (Feb) West Tex Crude (+0.07) \$17.725 (March)

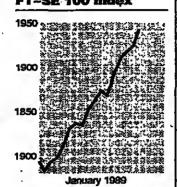
### **Business Summary**

### Japan to become top foreign aid provider

JAPAN'S Cabinet adopted a new hudget that would make Tokyo the world's top provider of economic foreign aid, increase the nation's defence spending and boost its share of the cost of keeping US troops in Japan. Page 4

CONFRDERATION of British Industry warnings that business optimism is at a two year low served to strengthen hopes in the UK stock market that domestic interest rates may

### FT~SE 100 index



have peaked. In heavy turn-over, the FT-SE Index closed at 1941.1, a gain on the day of 16.4 points. Page 33 CHINA'S central bank, the People's Bank of China, has raised interest rates in a move to quell inflation and tempt

the consumers' cash back into the banks. Page 22 POLAND is negotiating with Fiat to triple the number of cars the Italian company produces there. Poland said it would like to use two existing factories to boost Fiat's yearly output from 200,000 to 600,000. Fiat sales, Page 26

NORSK DATA, Norwegian computer maker, will shed about 800 jobs following the company's first annual loss.

BRUSSELS Bourse saw the flist day computerised share trading, initially only three of some 200 stocks listed in Brussels will be traded on Trading System. Page 37 EUROPEAN COMMUNITY said

it would study plans by 14 countries to build a high-speed European rail network but was not sure if it could fund the project. Page 2 DUTCH Government launched

the sale of 34 per cent of a state-owned chemicals group, NV DSM, in the biggest stock flotation on the Amsterdam bourse. The offer price of Fl 108 (\$52.40) per share will net the state F1 1.29bn. Page 24 INDUSTRIAL Bank of Japan

leading Japanese bank which last week won membership of the London Stock Exchange, has been warned not to break Japanese rules on the separa-tion of hanking and securities business. Page 23

PORSCHE, West German sports car maker which suffered a fall in sales owing to problems in the US, expects much higher profits this financial year, after a further sharp drop in the year to July 31, 1988. Page 23

SWEDISH paper industry increased output by 4 per cent to 8.2m tonnes. Page 2 EXPORT-IMPORT Bank of Japan will direct investment abroad to help promote the recycling of Japan's external surpluses to developing coun-

tries. Page 3 EXXON, largest US oil compeny, reported a decline of 11.2 per cent in fourth-quarter earnings because of weak crude prices despite an otherwise

good year. Page 24 MERCE, world's largest pharmaceuticals group, lifted fourth-quarter net income by 32 per cent due to strong demand for its range of new drugs. Page 24

# Fed will keep tight

# rein on growth to control inflation

By Peter Riddell, US Editor, in Washington and Janet Bush in New York

THE US Federal Reserve will continue to "err more on the side of restrictiveness than stimulus" because of its concern with upward pressures on inflation, Mr Alan Greenspan, the chairman of its board, said

the chairman of its board, said yesterday.

His comments, made during wide-ranging testimony on the state of the US economy to the House of Representatives banking committee, indicate no change in the Federal Reserve's recent approach. They were seen by the financial markets as implying continued high interest rates and the dollar rose against other leading currencies, which in turn led stocks and bonds higher. The dollar closed near its day's highs in New York at its day's highs in New York at Y127.70 and at DML8450. The dollar had closed earlier in London at DML8430 from a close on Monday of DML8380, and at Y127.55 against a previous above of DML8380.

The rally after Mr Green-The rang after Mr Green-span's testimony reversed weakness in the Far East ear-lier yesterday after Mr Leon-hard Gleske, a director of the Bundesbank, said that the West German central bank would prefer a dollar below

ous close of Y127.80.

DM1.80.
The dollar's strength pushed
US stocks and bonds sharply
higher. Instead of weakening
on concerns about higher inter-

ary resolve.
The Dow Jones Industrial Average surged to a new post-October crash high, closing 38.04 points higher at 2,256.43. US Treasury bonds closed as much as % point higher, tak-ing the yield on the Treasury's henchmark long bond down to 8.78 per cent 8.78 per cent.

Mr Greenspan acknowledged that the US trade deficit had stalled temporarily - "an almost inevitable pause in a complex adjustment pro-cess" — but he said there was still "momentum on the export side" so that the deficit should resume its decline.

The bulk of Mr Greenspan's testimony was concerned with the dangers of inflation, especially at current rates of unemployment. In relation to the Federal Reserve's strategy of moving towards stable prices, he said: "Current inflation rates clearly are too high and

must be brought down."

Reiterating his judgment last year, he said: "The long-run costs of a return to higher inflation, and the risks of this occurring under current circumstances, are sufficiently great that Federal Reserve policy at this juncture might well be advised to ear more on the side of restrictiveness than

Mr Greenspan was more cau-tious than the outgoing Reagan Administration about the

ing up inflation.

He warned that "if growth were to continue indefinitely at the recent pace, the concomi-tant tightening of snpply conditione for labour and materials would risk e serious intensification of inflationary pressures at some not-too-distant point in the future."
The new Bush Administration has so far been less specific in its view of growth prospects.

Discussing in detail infla-

Discussing in detail infla-tionary pressures in the labour market, Mr Greenspan noted that "the available evidence points to a high probability of

points to a high probability of stepped-up wage pressures should unemployment decline significantly further."

Industrial supply and capac-ity utilisation conditions also pointed to a tightening, with "little doubt that margins of slack have been reduced."

Mr Greensan said the US alack have been reduced."

Mr Greenspan said the US
dollar was now "at levels
where US industry is quite
competitive", adding that "containing the pressures on labour
and capital resources — while
continuing to reduce the external imbalance — will require a
alowing in domestic demand."
President Bush held a preliminary meeting yesterday

liminary meeting yesterday with Congressional leaders to discuss the timetable for buddiscuss the timetable for budget negotiation after he presents his revised proposals on February 9.

Democrats cautious, Page 5; Editorial Comment, Page 20; World Markets, Section II

# est rates, US securities markets have increasingly tended chances of sustaining ecoto rise specifically because of faith in the Fed's anti-inflationper cent a year without push-Concern on leveraged buy-outs

By Lionel Barber in Washington

STRONG concern was expressed yesterday over the recent wave of corporate leveraged huy-outs in the US by Mr Nicholas Brady, US Treasury Secretary, and Mr Alan Greenspan, chairman of the Federal Researce.

But in testimony to Congress, which aimed to avoid unsettling the financial markets, both regulators urged caution in devising curbs on leveraged buy-outs (LBOs) and other debt-financed takeovers. It was a complex question, Mr Brady said, "and we really don't have a solution at this

Mr Brady is the first major figure to appear in a series of congressional hearings on LBOs. Highly leveraged finan-

THE Bank of England rounded

on critics of its handling of the

Equiticorp affair last night, blaming shortcomings in UK banking legislation for making it possible for the stricken New

Zeeland company to buy a con-trolling stake in a UK bank. But it also confirmed that it

tried to delay a fraud inquiry involving Equiticorp in order to facilitate the stake sale. In a detailed comment, the Bank said that the 1979 Bank-

sank sank that the 1979 Bank-ing Act "gave the Bank no powers to object to a change of control" of Guinness Peat, the financial services group of which Equiticorp bought 61 per cent in 1987. Last Friday, Equi-ticorp called in the liquidators of the programming to its NYSTAR

after succumbing to its NZ\$1bn (\$625m) debt burden. Guinness Peat was the par-ent of Guinness Mahon, a City of London merchant bank, and critics in the City have suggested that the Bank was

remiss in failing to prevent it falling into unreliable hands.

The 1979 Act has since been

superseded by the 1987 Bank-ing Act which gives the Bank much broader powers to stop

By David Lascelles, Banking Editor, In London

sions within Congress where some lawmakers are loath to intervene in the marketplace, while others are under pres-sure from corporations who fear that they could fall victim to debt-financed takeovers.

Mr Brady told the Senate Finance committee that the LBO explosion was largely due to the current US tax code's bias against equity capitalisa-tion in favour of debt. But, echoing Mr Greenspan, he cautioned against correcting this

undesirable shareholders build-

Speaking from carefully drafted notes, a Bank spokesman detailed the sequence of events from the time when

Equiticorp first acquired a 24

per cent stake in Guinness Peat in April 1987. Since that date, he said, "the Bank has taken a particularly close interest in Guinness Mahon

because of its concerns about

the Equiticorp group."

Although the Bank says it

was powerless to prevent Equi-

ticorp raising its stake, it took a much tougher line once the

new Banking Act had come into force. "Since then," the spokesman said, "relying on these powers the Bank has progressively obtained tighter

commitments and undertak-ings from Equiticorp to ensure the independence of the man-agement of Guinness Mahon

and that it incurs no exposures

to the rest of the Equiticorp

In particular, the Bank told Equiticorp that it would have to sell the stake last year. But shortly afterwards the Bank

ing up large stakes.

hias by limiting the tax deductibility of corporate interest

payments.
He said such a solution would "simply increase the cost of capital to US businesses" and would put corponents at a competitive disadvantage to foreign corpo-rations which would not be liable to such restrictions.

A more logical approach, he suggested, would be to focus on the overtaxation of US equity by allowing US coapora-tions to deduct a portion of the dividends they distribute. While a scaled-back version of this proposal had failed to survive in the final Tax Reform Bill of 1986, "we should not accept this as the last word." Continued on Page 22

International Stock Exc

negotiations to sell the Guinness Mahon stake. The spokes-

man continued: "In November the Bank asked the Serious

Frand Office if it would be pre-pared to delay its inquiries for

a short period as negotiations for the sale of Guinness Mahon

had reached an advanced

stage. The negotiations later broke down and the Bank with-

drew its request."

The Bank declined to comment on the allegations of

improper share dealings, but the spokesman confirmed that

Guinness Mahon was not

involved in them.

US: Bush faces key decision on foreign take-

Mexico: Salinas's plan to reduce financial bur-

UK: International builders hasten the spirit of

Editorial comments Mr Greenspan's amber

Ford of Europe: Gearing up for the race of the

over of American company .....

light; The salaries of academics ...

den, restore confidence ...

# of exchange regulation By George Graham

THE FRENCH Government is considering a far-reaching reform of the stock exchange regulatory authorities. This could bring a move towards a self-regulatory system similar to that laid down by Britain's Financial Services Act.

Le Portz: sensitive report

at reform

Paris looks

Mr Yves Le Portz, former chairman of the Commission des Operations de Bourse (COB), the etock market watchdog, has filed a report to the Finance Ministry which is understood to recommend the delegation of disciplinary functions to separate professional organisations, including the stock exchange, the futures market council and the

mutual funds association.

While the stock exchange and futures markets have already developed strong pro-fessional organisations, the Association des Sociétés et Fonds Français d'Investisse-ment (ASFFI) appears still to have only embryonic structures for regulating mutual

funds. Mr Le Portz was asked to report on the reforms needed in the COB's powers and func-tions after his replacement as-chairman by Mr Jean Farge in

His report has become much more sensitive in the wake of the investigation into possible insider trading sarrounding the purchase in November by Pechiney, the French statened aluminium American National Can of the

The investigation has led to political attacks on Mr Pierre Bérégovoy, Finance Minister, and President François Mitter-

The President's spokesman yesterday issued a second and stronger denial that Mr Mitter-rand had received any kind of report on share purchases by Continued on Page 22

# 5 Third Tokyo minister quits over Recruit By Stefan Wagstyl in Tokyo

A THIRD Japanese Cabinet minister resigned yesterday over his links with Recruit, the company et the centre of a growing financial scandal. Mr Ken Harada, director-gen-eral of Japan's Economic Planning Agency, resigned after only four weeks in office fol-lowing newspaper revelations that he had received a dona-tion from Recruit last summer

 well after the scandal hroke.
 His resignation is a severe setback for Mr Noboru Takeshita, the Japanese Prime Minis-ter, in his efforts to restore public confidence in his Government

The Government does not. however, appear to be in any immediate political danger because of its strong majority and the disarray among opposition leaders, some of whom have also been tainted by the Recruit affair.

However, Mr Harada's departure is likely to intensify calls

ture is likely to intensify calls from business leaders, journal-ists and academics for a farranging reform of the way Jap-anese politics is funded. Mr Takeshita has already set in train studies of possible changes. Mr Harade's resignation could hasten their even-tual implementation.

Mr Harada was chairman of

a parliamentary committee formed in November to investigate the Recruit affair. He joined the Cabinet in a reshuffle at the end of last month, Another minister appointed at the time, Mr Takashi Hasegawa, the Justice Minister, lasted only three days before it

emerged that he too had accepted money from Recruit. Previously the affair bad claimed Mr Kiichi Miyazawo. the former Deputy Prime Min-ister and Finance Minieter, who quit over his involvement. The scandal broke last June

when it was disclosed that Recruit, a business information group, distributed shares in a subsidiary on favourable terms to leading politicians, govern-ment officials and husiness-

Mr Harada had previously admitted that one of his fund-raising groups had received regular monthly donetions from Recruit group companies until November. He said in December these stopped when he hecamo chairman of the investigation committee. How-ever he did not then reveal thol Recruit had separalely made a much larger gift - esti-mated at more than Yim (\$7,800) - last summer.

Such corporate donations are legal and normal in Japanese politics. But Mr Harada is regarded as having crred first in continuing to receive money from a tainted company after its misdemeanours became public and second, more seri-ously, in failing to disclose the full extent of his donations from Recruit.

Mr Koichiro Aino, 60, was named the new director general of the Economic planning agency last night. Like Mr Harada, he is a member of Mr Takeshita's faction within the ruling Liberal Democratic Party.

# Soviet earthquake experts criticised

By Quentin Peel in Moscow

AN EARTHQUAKE had been Gisser, the region bit by the expected in the Tadzhikistan area but nothing was done to prepare for it, the Soviet Union's principal Communist Party newspaper, Pravda, has reported.

The newspaper said the latest disaster confirmed that we are negligent with regards to construction, and the quality of construction, particularly in

villages".

It said there was a complete lack of communication between seismologists and the

local geophysics observatory in

earthquake. Another observatory in the area had been under construction, but uncompleted, for 10 years, while in Dushanbe work on an observatory had not even been started.

However, several hundred villagers managed to flee their homes before the dwellings were ensulted by a wall of mud caused by the Tadzhikistan earthquake, officials disclosed An entire hillside of mud

Continued on Page 22

# Bank defends Equiticorp policy received an anonymous packet of documents which suggested that Equiticorp had been try-ing to support the Guinness Peat share price in order to sustain the value of its investment. The Bank promptly made them available to the Securities Association, the the Takeover Panel and the Department of Trade. As a result, the serious Frand Office initiated an inquiry. But this coincided, the Bank said, with the climax of

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UK agriculture: Hard time for the farmers' triends Less Markets; Porsche; Waterford Glass; Bar-Financial Futures -Arts-Reviews -Wafi Street ..... World Guide -London -37-39 **Commodities** Unit Trusts .

Editorial Cor

1990s ...

Gadaffi replaces green book with green perestroika

CONTENTS

The Libyan leaders assault on the state's institutions is not new - but it does coincide Page 4

with an improvement in Libya's relations with its neighbours

group.

### Bush mends | East bloc general admits tank superiority **US** fences with Bonn

By Lionel Barber in Washington

PRESIDENT George Bush has moved swiftly to defuse ten-sions with the Bonn Government over the role of West Ger-man companies in building the Rabta chemical plant in Libya. In a telephone call to Chan-cellor Helmut Kohl, he thanked him for his efforts to block the export of chemical weapons technology. In response, Mr Kohl promised to

investigate charges against West German companies fully. But the new Administra-But the new Administra-tion's desire to end the war of words with Bonn over Rabta faces a challenge from Con-gress, where Republican lead-ers plan to introduce legisla-tion soon which would bar foreign companies from export-ing to the US if it were deter-mined that they knowingly helped spread chemical weap-ons.

ons.

Lawmakers intend to target West Europeans companies involved in helping Libya build what the US says is a chemical

what the US says is a chemical weapons plant.

Mr Bush, aware that Mr Kohl faces more important political challenges at home, particularly over modernisation of Nato nuclear weapons, is auxious not to weaken his domestic standing. Officials have calculated that little is to be gained by putting more pubbe gained by putting more pub-lic pressure on the Bonn Gov-

ernment over the Rabta plant.
In a telephone conversation
on Monday, one of several he
held with foreign leaders, Mr
Bush thanked Mr Kohl for his determination to block export of chemical weapons technology. He also expressed regret about several US news-paper editorials which had crit-icised Mr Kohl's government

harshly.
Washington's pressure tactics – notably a New Year leak identifying a West German company imhausen-Chemie as a leading player in the design and building of the plant – forced Bonn to investigate charges which it first dismissed as baseless.

### Prague and Budapest clash over police tactics

By Leslie Colitt in Berlin

HUNGARY and Czechoslovakia have clashed over the recent police suppres-sion of dissent in Prague and the pace of political reforms in

Hungary.

The quarrel broke into the open after a recent meeting between senior Czechoslovak Communist officials and Mr Janos Berecz, a member of the Hungarian Politburo. Mr Berecz told the Hungarian media that the two sides dif-fered sharply over "human rights"

Asked whether the "police intervention" in Prague last week led to disagreement, Mr Berecz replied that this was "definitely" so.

The Hungarlan party believed human rights had to

be "practised and managed with the appropriate legisla-tion." The Czechoslovak party believed that any demonstra-tion not planned and approved in advance "disrupted and

eakened" the system. Mr Berecz said that, commonths ago, the Czechoslovak officials were "more wary" of political developments in Hungary. There was a bigger question mark in Prague over the direction. direction Hungary was taking and whether the reforms could be guided and kept in hand.

### Cheapest phone bills in France, study shows

By Hugo Dixon

FRANCE has by far the lowest telephone prices of Europe's four main economies, accord-ing to the UK's Office of Tele-

The Oftel study, published yesterday, examines the cost of an average telephone bill for husiness and residential customers in France, Italy, Britain and West Germany. In this and West Germany. In this way, it aims to avoid misleading comparisons which would result from looking at a single type of call, such as local calls. Oftel said France was the cheapest country for both business and residential customers at the start of this was The

at the start of this year. The UK came second. Using a benchmark of 100 for

the UK, Oftel calculated that business phone costs in Italy were 122, in Germany 106 and in France only 85. The figures exclude val-ue-added tax. VAT on telecommunications services is 15 per cent in the UK, 18.6 per cent in France, 18 per cent (business) and 9 per cent (residential) in Italy, and non-existent in West

### general forces in Europe, which it has erday that said it will make public before d a twofold the end of January, at a semifrom East Germany, Czechoslovakia and Hungary under Mr defence but not for attack.

By William Dullforce in Geneva

acknowledged yesterday that the Warsaw Pact had a twofold the Warsaw Pact had a twofold advantage to tanks over Nato in Europe but contended that the Western alliance had 1.5 times more attack aircraft and twice as many combat helicop-ters in the area. The Warsaw Pact armed forces numbered 3.5m against 3.6m in Nato, he

As for artillery — in which Nato claims the Warsaw Pact has clear preponderance — Col-Gen Nikolai Chervov said it was "a debatable issue". The state of the infrastructure and

the quality of many types of weapon favoured Nato. Gen Chervov gave this fore-taste of the Warsaw Pact's assessment of the balance of

By Andriana lerodiaconou

GREEK PUBLIC prosecutors and ludges are to boycott the courts for 10 days and two days

respectively in protest over the killing on Monday night of Mr

Anastasios Vernardos, a Supreme Court prosecutor. It was the third terrorist attack

against a member of their pro-fession in less than a fortnight.

Outrage about the murder was heightened by reports that Mr Vernardos, whose name had appeared on a potential terrorist "hit list" in the past, had asked for but been refused

special protection.

The first assassination of a public prosecutor in Athens, claimed by the "Anti-State Struggle" organisation, occurred in 1985. The recent

occurred in 1985. The recent spate of attacks, on January 10, 18 and 23, have raised questions about possible links between the various terrorist groups operating in Greece.

They have also underscored the fact that in Greece's 14-mar history of urban terrorism.

year history of urban terrorism the police have failed to dis-cover any substantial informa-tion on the identity of the peo-

ple involved.

Responsibility for the mur-

der of Mr Vernardos, who was shot at close range outside his home by two gummen who fied

on a motorcycle, was claimed by the "May First" organisa-tion. This group made an unsuccessful attack on the head of Greece's trade union congress in June, 1987.

Police disclosed yesterday

that the same gun was used in both attacks, and the same typewriter in the letter claim-

ing responsibility. By contrast, the two previous assaults on public prosecutors appeared

intended only to injure.
Responsibility for both attacks wa claimed by "November 17" the urban terrorist group which killed the local head of the US Central Intelligence Agency in Athens in 1975.

Finland's Foreign

Minister quits in

favour of party chief

By Olli Virtanen in Heisinki

shooting

nar on conventional disarma-ment in Europe organised by the UN Institute for Disarma-

ent Research. The US said last month said that even after the unilateral troop reductions that have been promised by Mr Mikhail Gorbachev, the Warsaw Pact would have a 29-to-one advantage to the number of divisions and a 2.18-to-one advantage in

The counts form a prelimi-nary to the Conventional Sta-bility Talks (CST) between the 23 countries of the two alli-ances due to start in March. The 2,000 tanks in the six tank divisions to be withdrawn

Gorhachev's promised cuts would be disbanded, not redeployed elsewhere, Gen Chervov

The divisions remaining on the territory of Soviet allies would lose 3,300 new tanks. would lose 3,300 new tanks, about 40 per cent of their strength. Soviet sudden attack capability would be drastically curbed by the removal from these forces of landing-assault and landing-crossing formations.

cons.

Gen Chervov repeated the Soviet proposal for a three-stage approach to arms reduction in the CST: first, eliminating the imbalances; second, reductions of 25 per cent by each side; third, reaching a sit-

uation in which each side retained forces adequate for However, other scenarios could be envisaged, such as starting right away with

equal-percentage cuts or reaching agreement first on a "defensive minimum" from which the two sides could move to the "necessary reduc-

Among his other suggestions were a decrease in the concentration of forces to an agreed level within the zone of contact between the two alliances; setting up a nuclear-free corridor, cotablishing nuclear and chemistrations. establishing nuclear and chemical weapon-free zones in Europe; and beginning consul-tations on curbing naval activi-

### Greek legal | De Mita battles to head protest over off unions' tax protest

By John Wyles in Rome

THE ITALIAN Prime Minister, Mr Ciriaco De Mita, and his senior colleagues were strug-gling last night to dissuade union leaders from calling a four-hour general strike next Tnesday in a protest over

The three main Italian union confederations, the CGIL, the CISL and the UIL, claim the measures are too easy on tax evaders and avoiders, fail to tax capital gains and do not meet the government's promise to compensate for fiscal drag (the tendency for revenues to rise in a growing economy) from the heginning of next

The unions are expected to reply to the government's proposals today. They know they have hit on a popular issue among employed people resentful of widespread tax evasion among the self-employed and small businessmen. In a televi-sion advertisement yesterday the unions claimed evasion was costing the government L100,000hn a year, not much less than the public sector defi-

The strike call has come as political parties are anxious to consolidate their electorates in the run-up to the European Parliament elections in June.

Since the CISL, the second largest confederation, has a large Christian Democrat mem-bership and the third largest, the UIL, is allied to the Socialists, the two dominant parties in the governing coalition are sensitive to union pressure. Both are also hoping to take votes in June from the opposi-tion Communist Party, which

dominates the CGIL.

The strike threat has caused disarray in the government's ranks. In recent days the Socialist Party has proposed a list of concessions close to union positions. Ministers say that any deal with the unions should not worsen the already parlous condition of public

finances.

Ministers say they are ready to consider taxing financial income in line with proposals expected from the European Commission. These were discussed at a meeting between Mr Emilio Colombo, the Finance Minister, and Ms Christine Scrivener, the Com-missioner for tax affairs, in Rome yesterday, Mr Colombo revealed afterwards that Mrs Scrivener was thinking in terms of proposing a minimum tax in the Community on interest income of between 10 and



lormer Belgian Prime Minister Paul Vanden Boeynants (above) emerged yesterday when a Brussels newspaper received an apparently genu-ine letter from his captors, Tim Dickson reports from

The letter, sent to Le Soir by the "Revolutionary Socialist Brigade", contained a message from Mr Vanden Boeynants, and his identity card. Police authenticated both items.

His abductors wrote: "He is alive and will admit his guilt. He will appear free when our demands have been met". Mr Vanden Borynants' note said that after his release he would make a hig donation to

# 15 per cent, "with a strong dis-position towards 15 per cent."

EC tells Belgium to change TV rules By William Dawkins in Brussels

bowing of non-region sion programmes in northern Belgium are due to run into severe interference from the European Commission.

In the next few days, Mr Martin Bangemann, the new BC Commissioner for the internal market and industry, will demand that the Flemish regional authorities lift alleg-edly illicit restrictions on tele-vision programmes not made in the region.

A stiffly worded letter to the Belgian Government maintains the restrictions contravene EC rules outlawing restrictions on

Mr Sasha Vondra and Mrs

Dana Nemcova, a Charter spokeswoman who was simi-larly accused, could be sen-tenced to two years in jail if

FLEMISH attempts to curb the the freedom to provide services VTM, a recently formed private The stakes are high because Belgium is one of Europe's most highly cabled countries, with about 40 different televi-

sion distribution companies. This dispute was triggered by a Flemish regional govern-ment decision two years ago imposing tight conditions on programmes for transmission in the region, which provoked a complaint to the Commission

by the region's socialist party. The regional decree effectively reserved all transmission rights to BRT, the publicly owned Beigian network and

consortium of Fiemisl ing groups.

The regulations stipulated that any privately run channels shown in the region must

contain at least half Flemish programme content and at least 50 per cent Flemish owned to be allowed to transmit programmes in the region, a condition fortuitously fulfilled by VTM but no serious competitor.

If the curbs on competition

are not dropped, the Commission could declare Beigium has falled to live up to its EC obli-

# urged to pay for new rail network

By William Dawkins in Brussels

THE railway organisations of 14 European nations yesterday called on the European Commission to help fund an ambitious Ecu90hn (£57bn) high speed rail network.

The network will include 10 000km of new or undated

30,000km of new or updated line, capable of carrying trains line, capable of carrying trains at more than 250km per hour (156mph) between most major European cities from Athens to Stockholm, and halving travel times on the best equipped rontes. The railway bodies involved can raise most of the cash needed from national public and mivate funds and are cash needed from national pro-lic and private funds and are already building or operating 3,000km of high speed lines, representing Eculish of invest-

But they need an as yet unquantified amount of EC help for strategically important but unprofitable links.

"The main problem will be completing links which are not viable on their own," said Mr Bob Reid, chairman of British Rail, and head of the Community of France Problems nity of European Railways. The consortium was formed to lobby for the interests of companies from the 12 EC member states plus Austria and Swit-zerland. These so-called "miss-ing links" include trans-Alpine connections from northern Italy to Austria, Switzerland and France, across the Pyre-nees, and between Denmark and Sweden. "Better communications will end the isolation of regions with economic prob-lems," said Mr Reid.

Mr Karel Van Miert, the Mr Karel Van Miert, the Transport Commissioner, said the Brussels authorities would study the plan with interest, but he was unable to indicate whether Brussels might commit funds at this stage. Options included using the Commission's name to raise bank finance or earmarking cash from EC regional funds.

The consortium points in the

The consortium points to the overcrowding of Europe's air-space and roads, and estimates that traffic jams waste up to 3.1 per cent of GDP through the time and energy lost in traffic jams. It calculates that the Ecusobn investment needed would absorb just 0.1 per cent of European GDP or 10 per cent of average infra-structure investment between now and the completion dead-line of 2010.

### Delors optimism

BRINGING down frontiers
between the European Community's 12 member states could
help combat fraud if governments work together, EC commission president Jacques
Delors, said yesterday, Reuter
reports from Brussels
Mr Delors apparently
answered reservations by British Prime Minister Margaret
Thatcher about EC plans to

Thatcher about EC plans to introduce a single internal market in 1992.

# Commission | Last-minute rush to be nominated in Soviet election

NOMINATIONS for candidates in the Soviet Union's first attempt in recent history to hold contested national elections closed last night in a flurry of efforts to get commit-ted reformers on to the lists.

No instant figures were available on the number of candidates competing for the 2,250 seats in the new Congress of Deputies, a super-parliament intended to preside over Mr Mikhall Gorbachev's political reform process.

Critical press reports supposed

Critical press reports suggest widespread confusion at the complex process, and anger at local authorities attempting to keep out outsiders.

Only when full details are released will it be possible to see how many seats will have genuine multi-candidate elections, but already it seems that Mr Gorbachev's "democratisation" falls well short of a genuinely open process of selection. However, in Moscow last

night there were urgent efforts still under way to ensure that leading supporters of the peres-troka process are put forward. strokka process are put forward.

Some 300 representatives of
the co-operative movement,
apparently denied the chance
to elect their own list of deputies because they have no "allunion" federation, held an
emergency congress to create
just that.

Vesterday they appealled to

Yesterday, they appealled to the central election commis-sion, and Mr Gorbachev himself, asking for the Council of Co-operatives to be registered, and 13 candidates for deputy to

They included several of the key perestroika economists, including Dr Leonid Abalkin (already put forward hy the

Communist party central committee), Dr. Gavrill Popov, and Mr. Nikolai Schmelev.
One confusing element is that some prominent figures have been proposed in several constituencies, meaning they will have to decide where to will have to decide where to

it is still unclear whether Moscow will get the extraordinary contest between Dr Andrei Sakharov, the human rights campaigner, Mr Vitaly Vorotnikov, top member of the polithuro and president of the Russian Federation, and Mr Boris Yeltsin, former Moscow Communist Party chief, expelled from the polithuro for excessive radicalism. Dr Sakexcessive radicalism. Dr Sak-harov's determination to stand is clear, but his rivals could choose to contest an easier

Another key meeting last night was being held to nomi-nate Mr Vitaly Korotich, editor of the outspoken weekly maga-zine Ogonyok, for one of the individual Moscow constituencies. The last attempt to do so was broken up by supporters of the neo-fascist Pamyat group of Russian nationalists.

The nomination process has The nomination process has brought sharp criticism of many public organisations—including the central committee of the Communist party itself—for apparently seeking to impose their candidates for deputy from above.

The next stage in the election process is for local "constituency election commissions" to consider the lists of

nominees, and where more than two have been nominated. to decide if all should stand That process seems certain to stir up new controversy.

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## Spanish minister cancels Rabat trip over interview

By Tom Burns in Madrid

MR Francisco Fernandez
Ordonez, Spain's Foreign Minister, yesterday cancelled a
visit to Morocco due next week
apparently angored by
remarks made by King Hassan
II in a Madrid newspaper
interview.

Spanish officials said that
the minister's tight EC programme, given Spain's presidency of the Community, had
caused the cancellation, The
rights in Western Sahara.

caused the cancellation. To development was neverthele

development was nevertheless, seem as a new low in the frequently strained relations between Spain and Morocco.

King Hassan was quoted in the Madrid newspaper El Pals as comparing the national liberation struggle of the Polisario Front in the Western Sabara, a former Soamish col-Sahara, a former Spanish col-ony occupied by Morocco, with the Basque separatist group ETA fighting Spanish security

Mr Fernandez Ordonez said the comparison was "inadmis-sible." He was also allegedly

MR Francisco Fernandez upset by King Hassan's accu-

Spanish public opinion is sensitive to tensions with Morocco because of the enclaves of Couta and Melilla on Morocco's Mediterranean coast which are governed and garrisoned by Spain, but are claimed by the Rabat govern-

Officials said that no new

date had been fixed for Mr Fer-nandez Ordonex's trip to Morocco and speculation that King Hassan might stage a visit to Spain in March was dismissed by the officials as premature.

# Charter 77 activist may be

MR Kalevi Sorsa, Finland's

Foreign Minister the country's most influential politician, resigned yesterday in a surprise move that is aimed to make room in the cabinet for

Democratic Party chairman.
After resigning on February
1, Mr Sorsa, 58, will assume his
position as member of the
board at the Bank of Finland, the central bank. He will also continue as member of parliament where he is expected to be elected as speaker when the new parliamentary session begins in February.

charged for laying flower A LEADING member of Charter 77, the Czechoslovak human rights movement, was yesterday accused of hooliganism after laying a flower last week at the statue of St Wenceslas in Prague.

Mr. Seeks Vendye and Mr.

ter member, was expected to be charged with "preparing an unauthorised gathering". If he is sentenced, it could well spark off more demonstrations.

Most unusually, all three have received support from workers. Some 25 employees of the CKD engineering plant in Prague yesterday sent a postcard to Mrs Nemcova saying: "We shake your hand. The majority of the nation is with you, but fear is still winning. Long live Czechoslovakia."

# Swedish paper output rises 4%

THE SWEDISH paper industry increased output by 4 per cent last year to 8.2m tonnes, according to Mr Bo Wergens, director-general of the Swedish Pulp and Paper Association. Capacity utilisation had been

Capacity utilisation had been 95 per cent.

More than three-quarters of the paper and board production (6.4m tonnes) is exported, with Britain the largest customer, taking 22 per cent. Total sales to the UK rose 13 per cent, to L4m tonnes, with a 29 per cent rise in newsprint. Total UK consumption of paper

# and board rose by 8.5 per cent to 9.5m tonnes in 1988. Speaking in London, Mr Wergens said Sweden's 400,000 tonnes of newsprint sales to Britain gave it about a quarter of the UK market, although domestic producers had not lost market share. The cuttook for pages and

The outlook for paper and board worldwide this year was good, he said. Consumption

rose 5 per cent in 1988 to 226m The forest products industry

is Sweden's largest foreign cur-rency earner. However, the bal-

ance of profitability was shifting from paper makers to pulp manufacturers, he suggested. Pulp prices last year rose by 20 per cent in dollar and D-Mark terms, or between 12 and 15 per cent in other currencles including sterling and Swedish krone. This exceeded the rate

arone. This exceeded the rate of price increases for paper.

The pulp market is bordering on a shortage. Mr Wergens said that stocks of pulp "are at the lowest level for 25 years". The Swedish industry produced 10.4m tonnes last year; 4m tonnes were exported.

# formally charged. Mr Vaclav Havel, the banned playwright and leading Char-Cherubic communist who mobilised Spain's unions

Antonio Gutierrez may be digging the Socialists government's grave, says Tom Burns

HERUBIC looking Mr Antonio Gutierrez, 38 years old, a Communist Party member since his teens and general secretary of the Spain's Comisiones Obseras (CCOO) trade union for just over a year, is hailed by his supporters as the confident and militant new face of Spanish trade union for the second spanish trade union face of Spanish trade union fac

ish trade unionism.
In the aftermath of December's 24-hour general strike, largely engineered by the CCOO, there are also some who see Mr Gutierrez as the man who may dig a grave for Mr Felipe Gonzalez's six year

An articulate television per-former who exudes sincerity, Mr Gutlerrez has ably channelled grass roots discontent at a government that millions of strikers last December 14 per-ceived as highhanded and unwilling to manage more equitably the fruits of Spain's

Just as skilfully he has

driven a wedge between the socialist Government and its

trade union arm, the Union

General de Trabajadores (UGT). Mr Gntierrez has nudged Mr Nicolas Redondo,

open confrontation with the Prime Minister and has forged the formerly rival unions into an unprecedented alliance against the Government.

The two unions have in the past month spent more than 20 hours in three separate meetings meetings negotiating with the Government but the talks the Government but the talks have so far only served to harden the bargaining positions of the two sides. Unions leaders and government ministers embarked on a fourth round of marathon talks last night but few held out hope of an agreement. "Gutierrez and Ratondo are not budetne" said Redondo are not budging," said a senior government official.
"They are acting as if they were still living the day after the strike, they are riding the crest of a wave."

Already a chastened Mr Gon-zalez has had to shelve a key-

note youth employment

scheme that was opposed by the unions as a mechanism for

employing cheap labour and he has said he is willing to meet the UGT and the CCOO to dis-

cuss greater unemployment



Gutterrez exading sincerity benefits, higher pensions and raised public sector salaries.

However, Mr Gntierrez is unlikely to be satisfied for long by piecemeal measures and he is on his guard against cosmetic concessions. The CCOO general secretary raises issues that are not normally placed on the negotiating table hy

other western European labour leaders: "The strike, as it turned out, was not a confrontation between the unions and the Government but between society and the whole system." He believes that the strike

underlined a gulf between the Spaniard in the street and the mechanism of power that has heen consolidated in the decade long post Franco transi-tion. "Spain is Europe's young-est democracy and Spaniards don't want a state marked by inertia and scierosis." The CCOO leader's soft

speaking manner belies firmly held opinions which include a heid opinions which include a conviction that democracy is about power-sharing and a redistribution of wealth. What the stoppage did, he claims, was to highlight a profound frustration with a progressive party that was elected by an overwhelming majority in 1982 on a slogan of por el cumbio for change. "Instead of concurring power. Gonzalez was quering power, Gonzalez was captivated by it and he has lost

all his integrity in the pro-cess," Mr Guilerrez says.

labourer in Orihuela, a south-eastern agricultural market town, Mr Gutierrer was deliv-ering flour to bakeries at the age of 12, left home to become a porter at Madrid's main fruit market when he was 16 and was organising the CCOO in the northern town of Valla-dulid, home of a major Reports dolid, home of a major Renault

dolid, home of a major Renault factory, when he was 25.

Last year Mr Gulierrez, who had graduated to become the CCOO spokesman, was elected to succeed Mr Marceliono Camacho, the retiring general secretary and legendary Spanish labour leader who spent 20 odd years in labour camps, prisons and houses arrests durprisons and houses arrests durng Francoism.

He artfully exploited the UGT's growing disenchant-ment with the Socialist Party's conservative economic policies, conservative economic policies, something Mr Camacho singularly failed to do and gained unreserved endorsement for the general strike from Mr-Redondo's, the UGT leader.

The CCOO-UGT alliance was a considerable achievement for Mr Guiderres and it ensured.

Mr Gutlerrez and it ensured the success of the stoppage. The CCOO leader now believes Born the son of a farm that a lasting rift has opened

between the Socialist Party and its erstwhile fraternal union and there will be continued close co-operation between the UGT and the CCOO.

Mr Gntierrez is being tempted to cross the Rubicon into parliamentary politics. Some analysts believe that were he to lead the Communist party's ticket in the next general elections he would make considerable inroads on the socialist majority.

But the CCOO leader says he is determined to stay working in the labour measurement.

in the labour movement. This decision reflects his view that it is simpler to shift politics to the left in Spain through effective strike actions and firm negotiations than through a "system" that, in his view,

represents an official Spain, not the real country."

Mr Gonzalez's political death certificate may lie in the distant future but Mr Gutierrez, cast in his general death. cast in his grave diggers mould, issues a serious warn-ing to the prime minister: "Gonzalez would be committing an historic error if he underestimates what the Spanish peo-ple wants and the power of the

### Amnesty assails rights abuses in **East Germany**

By James Biltz

EAST GERMANY was criticised yesterday for human rights abuse in a report published only a week after it signed the final document of the Conference of Security and Co-operation in Europe (CSCE).

Co-operation in Europe (CSCE).

The Anmesty International report says East Germany's vaguely defined laws and its system of secret trials "make it possible for the authorities to penalise almost any activity of which they disapprove."

The country, which has rejected the trend in the Eastern bloc towards greater openness and political tolerance, has used sweeping laws to confuse dissidents and, if deemed necessary, to arrest them, it claims.

The report also criticises those articles in the East German penal code which make contact with foreigners and the collection of information pun-

ishable offences.
Communist party officials deny there are political prisoners in East Germany. They argue that those considered political prisoners by the West have been convicted for crimi-nal offences such as "vilifica-

tion of the state".

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# US telecom trade | GEC may be joins list of transatlantic rows

By Nancy Dunne in Washington

US differences with European governments over market access for American telecommunications exports have joined the lengthening list of highly combustible transationtic disputes.

Before leaving office last week, Mr Clayton Yeutter, the US Trade Representative, com-plied with a provision in the last year's Omnibus Trade and Competitiveness Act by target-ing the EC and South Korea for market opening talks and potential retaliation, according

to industry sources.

Mrs Ella Krucoff, the EC spokesman, expressed the Community's "regret" and noted that it was "the first example of the unilateral application of the Trade Act".

Under the Trade Law, Mr Yentter had five months to investigate telecommunications trade His spocessor has

tions trade. His successor has until February 18 to notify Congress and make the list of countries official. Negotiations could then last from one to three years. Failure to make progress can

result in a wide variety of sanctions, including tariffs and quotas. Some industry officials are urging the Administration to deny access to the US gov-ernment procurement market to countries which restrict US

Korea have for years been engaged in telecommunica-tions trade talks with the US government. A Chamber of Commerce task force, which advised the Trade Representative, recommended targeting only South Korea and France for immediate action.

However, the EC was likely to have been named instead because it negotiates for its members on trade matters. In all, the Chamber of Commerce named 10 countries it said had been the objects of industry

Besides South Korea and France, they include: Japan, West Germany, Brazil, Canada, Italy, Mexico, Spain and Swe-

Progress, admittedly slight, with West Germany and Japan caused the chamber to strike the two nations from its proposed list of countries requir-

ing immediate action.
Legislation has been introduced in West Germany which would open its market, and Japan has slowly increased imports while making several

executive, said the industry does not view the Trade Representative's list as "a one-shot decision". Markets will be closely monitored, and if they Both the EC and South added to the list at any time.

### Kumagai Gumi to manage Bangkok motorway project

By Andrew Taylor, Construction Correspondent

KUMAGAI Gumi of Japan one of the world's biggest con-struction groups - has been appointed project manager for a \$1hn (£555m) privately-financed toll motorway around

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Final elements of the financing programme, expected to be mostly loans with a small amount of equity, are being put in place, and pre-construc-tion work is due to start in March, according to Acer Free-man Fox, British engineering consultants, working on the

Bangkok Expressway Company, which has been awarded the concession to finance, design, build and operate up to have been appointed to provide 36.5km of elevated motorway; additional design work.

Acer says priority in awarding the motorway approximation of the construction contracts will. Bangkok Expressway Comhas received offers to under-write the overseas portion of the financing from 15 interna-

tional banks... Bangkok Bank, Siam Com-mercial Bank and Thai Military Bank are expected to lead-manage the domestic fin-ancing. Shearson Lehman Hutton is financial adviser to the

Kumagai, which earned pre-tax profits of Y26.82bn (£129m) on sales of Y859.3bn in the 12 months to September, has wide experience of privately-fi-nanced "build-operate-transfer" schemes, including the Eastern Harbour Crossing in

Hong Kong. Its latest contract will link with the existing Bangkok First Stage Expressway at Makkasan and Bang Khlo, completing a ring road around central Bangkok. It will more than donlie the size of the existing 27km expressway. The motorway is expected to

increase the capacity of the Thai capital's expressway system from ahout 250,000 vehicles a day to 600,000 a day.

The concession will run for 30 years, with Bangkok Expressway and Rapid Transit Authority of Thailand, which built the existing expressway, sharing the revenues, Acer

The British engineers, in

ing construction contracts will be given to local companies. International groups will be invited to bid if Thai contractors lack necessary experience or have insufficient capacity. · A group of engineering and design consultants including Scott Wilson Kirkpatrick of Britain have been commissioned by the Hong Kong government to provide a \$21m (£11.6m) feasibility study for a new trunk road from the Chinese border at Lok Ma Chau to Hong Kong Island.

The 35km road could involve tunnels of up to 4km as well as hridges. Other members of the study team are Parsons Binck-erhoff (Asia), Charles Haswell & Partners, and Wilbur Smith

## Moscow, Seoul agree to set up joint ventures

THE Soviet Union and South Korea have agreed in principle to set up joint ventures this year to boost direct bilateral rade, Hyundai said yesterday, Reuter reports from Scoul. The agreement calls for the Soviet Chamber of Commerce

and Industries end Hyundai, South Korea's biggest conglom-erate, to form joint-venture companies in construction, manufacturing and fisheries, Hyundai said. Letters of intent to that

effect had been exchanged between Mr Vladimir Golanov, vice-chairman of the Soviet Chamher, and Mr Lee Myung-bak, chairman of the

Hyundai group's Hyundai Engineering and Construc

The agreement follows recent improvements in relations between the two countries.

tries.
Mr Golanov had held talks with South Korean officials to prepare for an already-agreed exchange of trade offices between Seoul and Moscow in

He had invited 40 South Korto Moscow and Siberia in March to discuss Siberian development projects, officials at the Federation of Korean

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# picked for Turkish defence deal

By David White, Defence

GEC-MARCONI of the UK is on the point of being selected by Turkey for negotiations on a contract for supplying high-frecontract for supplying men-requency army radios worth about £90m, according to defence industry experts.

The deal, expected to be discussed by Mr Ercan Vuralhan.

Turkish Defence Minister, who arrived in London last night, would be linked to the set-ting up by the UK group of a initial by the UK group of a joint electronics manufacturing venture in Turkey, as part of the country's effort to huild up a defence industry.

GEC-Marconi declined comment yesterday on the state of negotiations Carinach

negotiations. Curiously, competition for the deal has pitted all three companies involved in the GEC/Siemens bid for the Plessey group against each

other.

The contract would involve the Marconi's Scimitar H secure tactical radio. The UK company has already set up a subsidiary, Marconi Istanhul, in which the Turkish share would be built up to 50 per

GEC-Marconi is also competing for a contract worth up to £200m to supply electronic warfare equipment for Turkish F-16 fighter aircraft, against Loral of the US. Westinghouse, due to supply stadard equip-ment for US Air Force F-16s, is

an outside contender. British Aerospace was recently eliminated from a contest for manufacture in Turkey of low-level air defence

systems.

Mr Vuralhan is due to meet

Mrs Margaret Thatcher, the Prime Minister, and Mr George Younger, Defence Secretary, before leaving for West Germany on Friday.

### W Germans plan Indian naphtha plant

By Gita Piramai in Bombay

LINDE, the West German chemical engineering giant, and RPG Enterprises, India's thirteenth largest husiness group, are proposing to invest Rs10hn (2377m) to erect a naphtha-based cracker to produce 450,000 tonnes, of ethylene a year at Madras. Ethylene is one of the basic feedstocks of the chemicals

feedstocks of the chemicals industry used for making thousands of synthetic materi-A new company, Linde Pro-

cess Technologies India, has been registered. Commercial production is expected to start 30 months from the date of receiving all government

approvals.
The cracker is planned as a 100 per cent export-oriented unit importing all its raw material and exporting most of its finished products (ethylor its ministed products (etaylene, hutadiene, propylene,
benzene, carbon hlackfeedstock and fuel gas).

Its main market for ethylene
will be Europe, while its butadiene is expected to go to

On January 20, the project approval board of the Indian government decided to recom-

mend the granting of a letter of intent for the proposal, which has a number of masual aspects. In its application, Linde has

undertaken to finance almost the entire project including, if the government wishes, the

margin money for working capital.

This implies full financing from foreign sources by a foreign company, except for the 20 per cent equity held by RPG Enterprises.

Thus, there will be no recourse to horrowing from any Indian financial institution or nationalised banks. The plant's capacity to earn scerce foreign exchange is a reason for the government's

### Arianespace in \$3bn outlay

ARIANESPACE, which launches Western Europe's Ariane rocket, said yesterday it will spend \$3bn (£16bn) on 50 launchers, the biggest space rocket contract ever, Renter reports from Paris.

Its chairman, Mr Frederic D'Allest, announced the order despite reports from satellite manufacturers that world space markets are shrinking, and that commercial rocket launchers will find it increas-ingly difficult to pay their way. The contract for 50 Ariane 4 rockets will be signed on February 15, Mr D'Allest said.

Arianespace, which launches the rockets for the 11-nation European Space Agency, planned nine launches in 1989. The company was not chasing

a disappearing market. Mr D'Allest hoped Ariane would grab nine or 10 of the 15 commercial satellite contracts due to be signed this year.

# Bush faces key decision on takeover bid

Peter Riddell on a new law restricting foreign takeovers of US companies

SO FAR little-noticed A aspect of last year's Omnibus Trade Act now presents President Bush with one of his first decisions, which could have far-reaching implications for foreign compa-nies seeking to invest in the

The act strengthened the powers of the President to block foreign takeovers of US companies, and this is now being tested by the proposed sale of Monsanto Electronic Materials, the sole major US-owned producer of silicon waters, to Huels of West Germany.
President Bush now has 15

days to decide whether to allow the takeover to go shead, after receiving a recommenda-tion just before last Monday's deadline from an inter-agency group known as the Committee on Foreign Investment in the US (CFIUS).
This committee emerged in

its current form from an involved process of bargaining between the Administration and Congress over the trade legislation. The committee was initially created under an exec-utive order of the Nixon

While there were existing Pen-tagon review procedures for defence-related deals, the presi-dent could otherwise only stop

Administration following an earlier wave of concern over foreign takeovers of US assets. It had an essentially advisory role in looking at takeovers to block foreign takeovers. involving defence and national

security implications.
But it had little impact and was largely toothless, according to Mr Joseph Dennin, now Monsanto's lawyer and for-merly an assistant secretary at the Commerce Department in the Reagan Administration. The Administration already had powers to block foreign takeovers of television stations and nuclear power plants.

a foreign takeover if it violated antitrust laws or in case of national emergency.

The issue resurfaced, however, in 1987 with the proposed takeover by Fujitsu of Japan of Schlumberger's Fairchild Semiconductor Corporation opera-tion. After considerable contro-

versy this deal was abandoned but it led to the insertion into the trade bill of proposals tightening controls on foreign takeovers. in particular, there

was the Exon-Florio amendment (named after the two Democrat sponsors) which extended presidential powers The original form of the bill

President Bush now has 15 days to decide whether to allow Huels to take over Monsanto Electronic Materials, the sole major US-owned producer of silicon wafers

> agreed by Congress included provision for banning such deals because of their effects on "essential commerce." However, in an agreement with the Administration, these words were dropped and bans were limited to national security grounds. This was an inten-tionally broad definition to be interpreted by the president.

The modified version of Exon-Florio was agreed by the Administration in preference

ers holding 5 per cent or more of any US property with assets of \$5m or more to register with the Commerce Department, As with so much else in the Trade Act, the foreign investment provisions left open several questions of practical imple-mentation which are now being resolved in the Monsanto

The Treasury Secretary has been designated to chair the reviews by the committee, although, in practice, it is chaired by Mr David Mulford, the under secretary for inter-national affairs. The member-ship has been extended to include representatives of the Office and Manpower and Budget and the Justice Department as well as the previous list of Treasury, Defence, State, Commerce, the Special Trade Representative and the Council of

Economic Advisers.

A oumber of the procedures of the 30 day statutory period for inquiry have been devised as the review has proceeded. Representatives of the componies involved, for example, are able to meet key officials but not to appear before the full

The procedure is for the committee to make a recommendation to the president with divergent views duly recorded. In this case, there has been clear majority backing on the committee for the deal. But the Defence Depart-ment has expressed some reservations on national security grounds, while the Commerce Department has voiced the stronger worries of the US semiconductor industry about increased US dependence oo

Huels has provided assur-ances that research and devel-opment facilities will remain in the US, and about technology transfers overseas, ond these appear to have dealt with nost all the carlier doub these two departments. Ahead of the presidential decision, the signs are that the new proce-dures are being used to provide fuller scrutiny of the national security implications rather than a covert attempt to block foreign purchases of US compaconsiderable concern in Con-gress over the scale of such

# Mexican investment authorisations fall by 20%

By Richard Johns in Mexico City

A 20 per cent decline of total foreign investment authorisa-tions given by the Mexican Government in 1988 to \$3.1 bn (£1.7bn) compared with \$3.8 bn in the previous year is attri-buted by diplomats largely to suspension of the debt/equity swap programme in November

Most dramatic was the 52 per cent fall, from \$2.67 hn to \$1.190n, in the value of US applications approved by the Ministry of Commerce and Industry (Secon).

By contrast, anthorisations for British investment amounted to \$770m, at nearly 25 per cent of the total for 1988. a sharp jump from the \$430.9m or 11 per cent in 1987, according to preliminary figures from the National Foreign Invest-

ment Commission (CNIE).
The amount of UK approvals would have been larger if the debt/equity programme was still in operation. The go-ahead for two iuxury hotel projects valued at about \$250m invoiving Trafalgar House and

backed by Barclay's Bank is contingent on the revival of "swaps". The scheme whereby a for-

eign company could purchase Mexican soverelgn deht at a discount and exchange it at face value of pesos for investment purposes was suspended because it was reckoned inflationary.

in a year and a half it was ible for \$1.3 hn in Mexican debt retirements.
With cumulative approvals
of over \$1.7bn (not all of which would necessarily be translated into actual investments), the UK has now edged ahead of as swaps." West Germany and Jopan. Mr Jaime Serra Puce, Minis-ter of Commerce and Industry,

gave little clue as to what future policy might be. He agreed "not all 'swaps' had an inflationary impact". The problem was to define those which did not.

The feeling is that macro-economic stability, economic certainty and clear regulations govern the pattern of foreign

investment more than a spe-

The general assumption is that the scheme will be rein-troduced on a ilmited scole under cootrol. New investment rules are being drawn

Apart from in-bond indus-tries, the legislation limits foreign ownership to 49 per cent of a venture but in practice the legislation bas been flexibly



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in 1989, BASF is also investing substantially in R&D in a broad range of specialized areas. Some 12,000 employees are working in BASF research laboratories. Successful innovation is one of the major factors contributing to the Group's consistent performance over the years, and sizeable investments in R&D will continue to be an integral part of BASF's strategy in the years to come.

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# Malaysian PM undergoes heart bypass operation

MR MAHATHIR MOHAMAD, the Malaysian Prime Minister, has undergone a heart bypass has undergone a heart oppose operation, confirming speculation that he has been more ill than had been initially reported. An official statement said the Prime Minister's condition was "stable" after the operation yesterday

The 63-year-old Malaysian leader was admitted to the Kuala Lumpur General Hospi-tal early last Wednesday for what was initially described as

what was minimity described as "chest pains".

Worries about Mr Mahathir's health is already having a destabilising effect on politics as well as the Malaysian Stock Market which had fallan sharply during the past

Mr Mahathir became Prime Minister in July 1981, and for the past three years, had been engaged in a bruising and as yet unresolved struggle with nis opponents for the leadership of the ruling United Malays National Organisation

Pro and anti-Mahathir groups are locked in battle in the parliamentary by-election at Ampang Jaya, outside Kuala Lumpur, and the voting this Saturday is expected to have a significant impact on the political realignment among Malay

Mr Ghafar Baba, Mr Mahathir's 64-year-old deputy, has been on the bustings daily at Ampang Jaya, and a victory for the Government's candi-



sidents, led by Tengku Raza-leigh, to demands for Mr

Mahathir's resignation.

The picture is complicated by the re-entry of Datuk Musa Hitam, Mr Mahathir's former deputy, into Umno. Datuk Musa, who resigned in 1985, recently consolidated on his home state of Johore, and is housed to make a complack to poised to make a comeback in

national politics. The situation is extremely fluid, and the course of Malay-sian politics in the coming months is fraught with uncertainty," said a senior Malay-sian politician.

"Tha four major players – the Prime Minister, Gha-far, Razalaigh and Musa – each have their strengths for the Government's candidate would strengthen his stature.

On the other hand, a defeat for the Government side would be said.

### Poll successes provide consolation for Gandhi

By K.K. Sharma in New Delhi

south Indian state of Tamil Nadu by a local party, Mr Rajiv Gandhi's Congress-I party yes-terday won the small northeastern states of Nagaland and Mizoram where elections for new legislatures were held last

The absolute majority gained by the party in the two states does not improve its image, however, since both are small and located in a part of India that does not have much bearing on national politics. As such, Congress's victories are something of a consolation

The two tiny states were given statehood after being plagued by years of rebel activity by large sections of their people seekingindependence. Both are still troubled by polit-ical instability but Congress should be able to administer the Governments there without trouble even though it won

AFTER BEING trounced in the assemblies with great diffi-

Congress is still reeling after the disastrons defeat in Tamil Nadu where the Dravida Mun-netra Kazhagam (DMK), won 170 of the 232 seats in the state legislature. Congress, with only 27 seats, came third after another splinter-group of the DMK won 32.

Congress is also making beavy weather in the key cen-tral Indian state of Madhya Pradesh where Mr Arjun Singh, a former close associate of Mr Gandhi, has resigned as Chief Minister after being censured by the state high court in a corruption case. Mr Gandhi is finding it difficult to find a successor to Mr Arjun Singh since he needs someone not only acceptable to the local unit of the Congress but who can also refurbish the party's image in the run-up to national elections due by the end of the

### **Moroccan minister hopes** to end currency controls

MR Mohamed Berrada, the Moroccan Finance Minister said he hopes the country will have removed all foreign currency controls within the next three to four years, Reuters reports from Rabat. "It is not by foreign currency

controls that we will attract hard currency. The opposite is the case. I think to three to four years, there will be no more foreign currency controls in Morocco," he said.

Mr Berrada said large sec-tions of the economy had been freed of controls following the adoption of a World Bank sup-

policy after a 1983 debt crisis. Liberalisation would accelerate now the country was generating foreign exchange reserves following a 1988 current account surplus of \$12m (£6.76m) - the first surplus in 13 years, he added.
"We will begin to accumu-

late foreign exchange earnings which will strengthen our position," said Mr Berrada. Mr Berrada said Moroc-

co - which is soon to begin talks to reschedule \$3bn of commercial debt — was not as heavily in debt as the 1987 World Bank estimate of \$22bn

# Door gimmick brings opening for Mitsubishi

By Stefan Wagstyl in Tokyo

DRIVERS who think that all small cars look the same should take a spin to Lettuce, the latest offering from

Mitsuhishi Motors.

The Japanese car maker decided that the best way to make an impact in the market for minicars – cars with engines under 550cc – was to break with the idea that cars either have two doors – one The Lettuce has three - one on the driver's side and two opposite. To drive the point home, the door handles are triangular.

The company says the Lettuce, launched this week, will appeal to mothers with young children, who will be safer if there is only one

**Opposition** 

to hold

presses Roh

referendum

OFFOSITION leaders warned President Roh Tae-woo of South Korea that he must hold

a promised referendum on whether the nation supports his rule, and said they would oppose any attempt to avoid a vote, AP-DJ reports from

Leaders of the three rival opposition parties, Kim Daejung, Kim Young Sam and Kim Jong Pii, agreed to cooperate on several key issues in a development that could present a major threat to the Roh

ent a major threat to the kon Government. Mr Roh promised just before the December 1987 presidential elections that he would hold a referendum on

his performance sometime after the Olympic Games held in Seoul last September.

Afghans have been fighting each other for food in Kabul, hoarding and looting shops and an army sergeant was shot dead in an argument over bread, Western diplomats said yesterday, according to Reuter in Kabul. They said queues for food and fuel in the Afghan capital reached record levels early last week but were

early last week but were

shorter by the weekend after the arrival of supplies from

**Keeping AIDS out** 

Asian countries opened a

four-day conference yesterday to try to stop AIDS sweeping the only region of the world still relatively free of the fatal

disease, Reuter reports from Bangkok. Officials at the con-

ference, attended by 500 dele-gates from 25 nations, dis-missed reports that Asia was

out of the AIDS danger zone.

At least three people were shot dead and 14 wounded in ethnic violence in the southern Pakis-tan province of Sind on yester-

day, Renter reports from Kara-chi. They said a gun battle between Mohajir immigrants

Indonesia attracts

foreign investment

ing the country's increasing

attraction for foreign inves-tors, the chairman of

the National Investment

Co-ordinating Board said vesterday, according to Reuter in Jakarta.

14 die in Pakistan

ethnic clash

the Soviet Union.

of Asia

Afghans fight

for food

set of locks to play with the back instead of

launching a three-door car seems to be the hope that its uniqueness will appeal to the Japanese consumers' fondness for gimmicks.

Mitsabiahi will need all the

nublicity it can get from the Lettuce since competition is expected to increase greatly in the market for small cars over the next three years. Until now, cars under 550cc

have been taxed more lightly than largar modals — originally to allow people who could otherwise not have afforded a car to buy one. But, as a result of the general tax

A UNITED Nations envoy held talks with senior Iranian offi-

cials in Tehran yesterday in an effort to breathe fresh life into

the stalled peace negotiations between Iran and Iraq. Mr Jan Eliasson, the Swed-ish mediator appointed by the UN Secretary-General, met Mr

Mohammad Hussein Lavas-

sani, an Iranian deputy foreign minister, to discuss ways of resuming the Geneva negotia-tions, which began in August but were hroken off indefi-

nitely without progress on

It was unclear whether Mr

Eliasson was carrying any new proposals to break the stale-mate, or whether he would

Troops told to

shoot at Benin

demonstrators

By Our Foreign Staff

November 11.

By Andrew Gowers, Middle East Editor

reform bill recently passed by the Diet (Parliament), this advantage is to be phased out over the next three years. So the artificial horderline between minicars and slightly larger small cars will disappear. As a result pressure on companies specialising in minicars is expected to increase, the Japan Anto Manufacturers Association

good news for makers of other kinds of small car." Suzuki Motor, the leading minicar maker which last year sold 491,000 cars out of a total market of 1.7m, will be hardest hit. Nearly 95 per cent of the company's output last

hear anything new in Tehran or Baghdad, which he is also due to visit on Friday.

familiar note yesterday when it called on Mr Javier Perez de

Cuellar, the UN Secretary-General, to put pressure on Iraq to comply fully with Security Council resolution

598. However, Iraq has this week provided one hopeful

sign by repatriating 255 Iranian prisoners of war in what it described as a unilateral ges-

ture of goodwill.
Iran's acceptance of resolu-tion 598, which calls for an end

to hostilities and withdrawal of troops to recognised interna-tional boundaries, brought

UN envoy tries to revive Gulf War talks

said yesterday: "This is bad news for minicar makers and

year was minicars.
The company said it hoped to sell as many vehicles in total in 1989 as last year. The law change would have quite a large impact on the market, but it was too early to say how ant it was too early to say how large, said Suzuki.

To help the minicar makers adjust, the Ministry of Transport is likely from next year to raise the maximum

engine capacity of minicars to 660cc, thus broadening the

market slightly.

But the minicar makers main hope will rest in their shillity to design models which have a different appeal to those made by the dominant Japanese car manufacturers—Toyota and Nissan.

about last summer's ceasefire. Bnt Iraq has tied any steps beyond a truce to a demand for

freedom of navigation in the Gulf and dredging of the Shatt al-Arab waterway, which

marks the southern frontier between the two countries.

between the two countries.

Although a resumption of hostilities remains most unlikely in the short term, the ceasefire remains fragile, with

tens of thousands of troops still confronting each other along

The essential problem is that lran, believing that it won a military victory of sorts last year, has raised the stakes for a settlement, while a weakened lran has been unable to articu-

But the majors have not been slow in trying to exploit the same market as the minicar makers - that is women bay around 60 per cent of small cars, against 10 per cent for cars with engines above 1.500cc.

above 1,500cc.

Nissan in particular has scored hits with limited edition models, designed on the lines of small classics of the past. In 1987, it generated 10,000 orders in a month for the Be-1, an Austin Mini lookalike. This month Nissan received 8,200 orders in the first two days following the launch of the Pao, a car reminiscent of the Citroen CV2.

late what sort of package deal it might to settle for. At a confarence on Iran

At a confidence on tan organised by London's Royal Institute of International Affairs last week, speakers identified the Iranian leader-

ship's unclear objectives – partly caused by internal divisions – as one of the key obstacles.

tions for progress until Iran-made some substantial positive

gestures, such as a serious effort to obtain freedom for

Western hostages in Lebanon.

official development assistance (ODA) is now budgeted to rise 7.8 per cent to Y755.7km (£3.4km), some Y15.7km more than the Ministry of Finance proposed in its draft budget last week. Similarly, the defence budget will rise 5.9 per cent to Y3,920km after another Y27.3km was allocated to this sensitive area. sensitive area.

Japanese

**budgets** 

increase aid

and defence

By Ian Rodger in Tokyo

JAPAN'S aid and defence

budgets for the 1989-90 fiscal year have been increased sub-stantially following last minute

negotiations among officials

The overall budget, which was approved by the cabinet yesterday and will now be presented to the Diet for dabate, totals Y60,400hm (£266bn), a slight decline in spending from the Y61,851.7bm level expected in the current fiscal year. fiscal year.

Foreign Ministry officials said the big increase in the aid-budget would make it possible for the country to carry out its promises to cancel Y29.20m of debts from the poorest coun-tries and to launch a new programma of grants for small scale projects in poor coun-

Dr Shahram Chubin, a Geneva-based Iran scholar, added that Western powers were unlikely to put pressure on Iraq to abandon its preconditions for progress until Iran Because of the substantial growth of Japan's aid effort in recent years, a shortage of administrators has hampered implementation of programmes. The Japen Interna-tional Co-operation Agency, which handles technical co-op-eration, has been authorised to add 16 people to its 396 staff and the ministry itself will add. 21 to its Economic Co-opera-tion Bureau, which now num-

bers 280. The ministry believes that Japan surpassed the US as the world's largest donor last year on a disbursement basis.
The defence budget includes a 19.2 per cent rise in spending to Y157,2bn in support of US forces in Japan. There is also a

2 13.21

13.7 per cent rise in spending for logistic support equipment for the armed forces. The goverrment expects that defence spending will marginally exceed one per cent of gross national product.

### **Belgian Premier flies to UN chief plans** Zaire to offer peace

By Tim Dickson in Brussels

THE BENIN Government yesterday told its security forces to fire without warning MR LEO TINDEMANS, Belgium's Foreign Minister, yesterday unexpectedly flew to Kinshasa in what was being at demonstrators in the streets after two security officers were seen as an attempt to improve his country's worsening relastoned to death in riots on

Monday.

Reports from Porto Novo, a main town near the border tions with Zaire. Ten days ago Belgium hit back at its former colony after the Government of President with Nigeria, said some demonwith Nigeria, said some demon-strators were slightly injured in widespread rioting. The riots and ransacking of public buildings followed strikes by students, teachers and govern-ment employees protesting at non-payment of wages and grants for several months. Throughout the day, state Mobuto renounced two longstanding friendship agree-ments, imposed a freeze on its debt payments and curbed flights by the Belgian national airline Sabena. An angry Mr Wilfried Martens, Belgium's Prime Minister, declared that all development projects which Throughout the day, state are not under way should be

radio broadcasts instructed are not police and troops to shoot on halted. Since then Mr Tindemans has played the leading Belgian role in trying to calm the atmo-sphere, insisting in interviews that he was ready to attend a conference in Kinshasa planned for April. His sudden departure yesterday seems even to have taken his officials by surprise and no details of his flight or his intentions at last two coup attempts have were being made known.

Surfaced during the past year.

It is not certain whether a

meeting with Mr Mobuto is in prospect or how long Mr Tinde-mans will be staying in the country.

Government officials have said that Belgium will seek legal recourse for the alleged violation of the bilateral air agreement between the two countries - landing rights at Kinshasa have been withdrawn from two of the four regular Sabena flights – but the For-eign Ministry has always insisted that the best bope lies in diplomatic manoe . Belgian imports from Zaire

totalled BF23.9bn (£348m) in 1987, Belgian exports to the African country amounted to BF10.3bn. in the same period. AP adds: Relations between the two countries first took a turn for the worse in November when President Mobutu was offended by the parliamen-tary and media criticism that accompanied the visit of Mr Martens to Zaire, when the Bel-gian leader offered to resched-ule part of the former colony's debt. Zaire's total foreign debt

### 4,650-strong Namibia force MR Javier Perez de Cuellar,

the UN Secretary-General, yes-terday proposed a 4,650-mem-ber United Nations peacekeep-ing force for Namibia although African states have urged a much larger operation, Agen-cies reports from the UN in

Assistance Group intended to lead the territory to independence from South Africa would cost an estimated \$416m, he said in a report to the Security Council.

was an attempt at compromise in a dispute between the five permanent members of the Security Council and the other ten, backed by the OAU and Non-Aligned Movement.

plan, other members have insisted the full 7,500 be deployed. The UN chief said that it had not been possible to reconcile these opposing viewpoints.

# Jazairy: productive

### UN farm aid chief claims **SUCCESSES**

By John Wyles in Rome

MORE THAN 180m of the rural poor in the Third World now stand to enjoy lasting supplies of food from projects financed by the UN's International Fund for Agricultural Development, Mr Idriss Jazairy, the Fund's president, claimed vesterday.

At the opening session of Ifad's annual meeting, attended by ministers and representatives from 143 countries. Mr Jazziry said that this level of food security had been purchased at an investment cost of \$14 per head. The provision of new employment opportunities among 2.5m rural poor was also costing the same amount - "in terms of cost-of-fectiveness, I know of no more productive investment," Mr Jazairy said.

The president's speech stressed the successes of the successes of the lifed aid approach which is hased on involving beneficiaries in the design and implementation of projects aimed at sustainable food production.

encouraging the poor to under-take longer-term investments take longer-term investments in environmental protection, giving a stronger impetus to sub-regional co-operation, fostering the exchange of its project experiences between countries, developing self-reliant credit schemes for the rural content of the countries of the countries

### UK continues efforts to foster Mid-East peace talks rejoin the Commonwealth

MR WILLIAM Waldegrave, Minister of State at the British Foreign Office, yesterday met for the third time in six weeks with an official of the Palestine Liberation Organisation as part of Britain's effort to foster Middle East peace negotia-tions, writes Andrew Gowers.

sight at all demonstrators gath-ering in public places. President Mathieu Kérékou's

Government has been plagued

during the past year by

increasing discontent at severe hardship under an austerity budget that has cut civil ser-vice pay by up to 10 per cent. Public anger has been inflamed

by rumours of corruption and at last two coup attempts have

from other parts of the sub-continent and Sindhis broke out to Sukkur after a row over the setting up of a students' union office at a college. During the meeting, Mr Bassam Abu Sharif, an advisor to Mr Yassir Arafat, the PLO chairman, sought once again to enlist British support for the commencement of preparatory Foreign investment in Indon-esia increased to \$4.41bn in 1988 from \$1.46bn 1987, show-

work for an international Mid-dle East peace conference. Both men expressed concern about the current Israeli crackdown and rising death toll in the West Bank and Gaza Strip. Mr Waldegrave, who met Mr

Arafat earlier this month, is

pursuing contacts with both the PLO and the Israelis in tandem with European Commu nity ministers, with a view to drawing Israel into talks with

the Palestinians.

After the meeting with Mr
Arafat, Mr Waldegrave said
Israel would be "left behind" if
it failed to grasp the opportunity of negotiating the Palestinians' future.

Britain should use its weight with the US to persuade the Bush Administration to agree to the convening of an interna-

The EC will step up its own diplomatic efforts later this week with an official visit by Mr Arafat to Spain, current president of the Council of Ministers.

The PLO is anxious that

reporters.

Her late father, then-president Zulfikar Ali Bhutto, pulled Pakistan out of the organisation of former British colonies and dominions when other members recognised for other members recognised for-mer East Pakistan as the newly independent Bangladesh

The previous government of the late President Mohammad

rejoin the group if there was a favourable consensus of other members, but the move was opposed by India, Pakistan's traditional rival

varsy of Prime Minister Bhutto's rule ended yesterday when a provincial official declined to appeal a court deci-sion that went against one of her allies.

to keep an ally in power, which the Prime Minister denied.

TOT SINCE the late 1970s, when idi Amin Dada was in full voice, has the world been subjected to quite such a sus-tained bout of primitive showman-ship. Colonel Muammer Gadaffi's announcement last week that he was sholishing "all state institutions". including the "security apparatus" and the Libyan news service, did nothing to diminish his reputation

for eccentric gestures. Col Gadaffi's assault on the state's institutions is hardly new. But it does coincide with an unusual improvement in Libya's relations with its neighbours, and a possible with its neighbours, and a possible reaching out to the US after a long period of hostility. In the weeks since the shooting down by the US of two Libyan MiG-23s, the Libyan leader has proffered an obvious olive branch to the incoming Bush administration. The Libyan leader's behavious this month a separcially the iour this month - especially the release of the body of an airman shot down during the US bombing raids on Tripoli and Benghazi in 1986 -contrasts sharply with the outburst which followed his last serious military encounter with Washington. There is, however, no agreement

among Western diplomats and other Libya-watchers about the direction in which the idiosyncratic Colonel is taking this arid and troublesome north African state.

Broadly, there are two schools of thought. The optimists say Col Gadaffi wishes to be regarded as a "reborn" and "more mature" leader on the 20th anniversary of the putsch that brought him to power in 1969 over the Western-oriented King Idris. The sceptics say that a recent wave of mild domestic liberalisation and a new international openness are merely tactics which will soon be discarded.

The West and Libya's neighbours might have reason to be sceptical. There is no indication that Col Gadaffi has veered away from his support for international terror or that he is likely to abandon his abso-lute rejection of Israel. This stance underplus Libya's foreign policy, conditions its backing for extremist Middle East factions and puts it at odds with moderate Arab states such

Signs of a limited liberalisation, the so-called "green perestroika" are attributed to the Colonel's three big



shocks of 1986 - the US bombing, in which an adopted daughter was reportedly killed, the almost total lack of Arab support after the event

and Libya's crushing defeat in Chad-accompanied by a realisation that his own popularity had reached his own popularity had reached something of a nadir.

All this coincided with severe economic hardship, including food shortages, in Libyan towns and cities. Oil prices had collapsed and the effects of years of mismanagement and corruption in the food distribution system were making themselves fall. selves felt. His response was to relax restric-

tions on small private businesses, to release some political prisoners, rein in the much-disliked revolutionary committees, lift a ban on foreign travel and ensure that food stores were better-stocked. At the same time a relatively successful diplo-matic campaign was instituted to lessen Libya's isolation both from the West and from its neighbours. But for many Libyans internal "reforms" are little more than cosmetic. Dissidents say that it is much too soon to conclude that a funda-mental change for the better has taken place. Support for opposition groups is widespread, they say. Reports of recent unrest on uni-versity campuses in Tripoli and

Benghazi, some of it involving religious activists, appears to contradict a conventional view that the Libyan leader enjoys the overwhelming sup-port of a passive people. In Tripoli there was evidence of Gadaffi posters having been defaced.

Indeed, it would be surprising if

many Libyans were not fed up after 20 years of often capricious rule in which dissent has been ruthlessly suppressed by a large security apparatus bolstered by East Bloc advis-Claims in Col Gadaffi's defence

claims in Col Gadam's defence that Libyan oil wealth has "trickled down" down to the masses in the form of good schools, adequate hous-ing, health care and jobs are con-tested by dissidents. The education system, burdened by the Colone's bizarre social and political theories analyzined in the specified "green enshrined in the so-called "green book", is said to be in a mess.
Business is hardly buoyant in an oil-wealthy country of 3.5m people,

whose per capita income, apart from South Africa, is the highest in Africa. The few private shops that are open in Tripoli sell goods of indifferent quality, handsome Italianate buildings in the capital are

badly run down and rubbish litters badly run down and rubbish litters the backstreets near the city centre. The impact of Libya's huge halance of payments surpluses in the late 1970s and early 1960s seems to have been limited, and it is impossible to avoid contrasting depressed conditions to Libya with those in several of the oil-rich Gulf states. Col Gadatit's international ambitions and Libya's military build-up have and Libya's military build-up have proved expensive. Libya's earnings from oil last year

amounted to about \$5.500, compared with a peak of \$22bn in 1980. These days the country is ranning a small current account deficit as it seeks to ensure a minimum living standard for its people, and to fulfil some of its more ambitious capital works projects such as the "Great Man-Made River" to bring water to

the coast from desert aquifers.
Some Western officials express guarded optimism about the possibility of real change in Libya, and they want the West to encourage the trend. But even these optimists are cautious about the Colonel. "He is a Bedouin. If he is on a camel and he wants to turn he just turns. He doesn't wait for a green light."

New York, The force and the civilian elements of the UN Transition

Mr de Cuellar's proposal

While the five, including the Soviet Union, have argued for a cut in the original number of troops proposed in Security Council resolution 435 which outlines the independence

# is estimated at \$7hn. Bhutto says Pakistan may

PRIME MINISTER Benazir Ethutto said yesterday Pakistan was considering whether to

rejoin the Commonwealth it left in 1972, Reuter reports from Karachi.

"We are considering whether Pakistan should join the Com-monwealth or not," she told

Pakistan recognised Bangla-desh in 1974 but did not seek readmission to the group.

• The first major contro-

A spokesman for the Bah-chistan government said it would not appeal against a court order on Monday that restored the dissolved provin-

The assembly was dissolved last month. The opposition said Ms Bhutto had conspired

He said that the Fund was strengthening its collaboration with non-governmental organisations with experience of working with the rural poor and that such collaboration was a key aspect of projects either planned or under way in Bangladesh, Pakistan, Vene-zuela, Sri Lanka and the Solomon Islands

He argued that in future the Fund should explore several new areas of action including poor and generating a flow of charitable funds from the developed world into Had's sid

# Gadaffi replaces the green book with green perestroika Tony Walker, recently in Tripoli, examines the extent of the Libyan leader's change of course at home and abroad

### **AMERICAN NEWS**

# Mexico goes all out to renegotiate its external debt

Salinas has demonstrated his priorities by assembling an experienced team to conduct talks, writes Richard Johns

F we don't grow because of the debt hurden, we don't pay.

Those words were spoken by Mr Carlos Salinas de Gortari on May 19 last year during his election cam-

paign.

Eight months later, with President in the George Bush barely installed in the White House, Mexico's new head of white noise, Mexico's new nead of state can formally begin the renego-tiation of his country's crippling external debt. At just over \$100hn, the service payments last year lent to 6 per cent of Gross Domestic

lent to 6 per cent of Gross Domestic Product and - depending on interest rates - an outflow of financial resources of over \$15bn in 1869.
Having attend Mr Bush's inauguration in Washington, Mr Pedro Aspe, Mexico's precocious 38-year-old Finance Minister, has stayed on to hold talks with the new US Administration, the World Bank and the International Monetary Fund.

At his side is Mr Angel Gurria, the country's chief debt negotiator for the past decade (also a youthful 38-year-old) and now third-ranking

year old) and now third-ranking Treasury official in support (and to keep up the initial momentum) is the veteran Mr Gustavo Petricioli, the outgoing Treasury Minister now designated as ambassador to the US, who handled the negotiations leading to the March 1987 agreement with creditor banks on the resched-uling of \$43.7bn of outstanding debt. Such an approach reflects the absolute priority given to renegotia-tion of the debt, the categorical

modest growth of 1.5 per cent projected for 1989 - and only expected in the second half - in Mr Aspe's first

budget.
The debt renegotiation started with secret US-Mexican talks in late.
These were prompted by the drastic fall in Mexico's foreign reserves caused by the collapse of oil

reserves caused by the collapse of oil prices, and by a marked decline in the country's trade surplus and a large-scale flight of capital, with Mexico going into current account deficit in July.

The result of the talks was the mid-October arrangement, concluded together with the World Bank and the IMF, of a \$3.5bn contigency bridging loan made available to Mexico by the US Treasury and Federal Reserve.

Although eventually the money will be translated into development financing from the major multilateral agencies, the facility was a stop-gap confidence building measure. As such, it did not prevent renewed capital flight in November prior to the change of government.
Since Mr Salinas's accession on December 1, the tripartite accord between government, business leaders and the unions (freezing prices until the end of July and limiting the rise in the basic wage to 8 per cent), and Mr Aspe's anti-inflationary austerity budget involving a fur-ther rise in the primary surplus, is said by bankers and economic analysts to have restored confidence and to have led to capital flowing back at imperative of President Salinas's the rate of about \$500m a month administration, on which all other policy goals depend, including the draw on the US loan facility. But





Salinas, left, and two of his chief debt negotiators: Angel Gurria (centre) and Gustavo Petricioli

some bankers calculate that foreign exchange reserves could now have sunk below \$70n, compared with a peak of over \$16bn at the end of May, and that the final outcome for 1988 could be a current account deficit of as much as \$4bn compared with the \$3.9bn surplus in 1987.

A suspicious delay in the release of official statistics beyond last August suggests that subsequently there was a further deterioration. Yet with higher oil prices and a slowdown in the rise in imports following last month's tariff increases, a healthier trade equilibrium could have been established.

Bankers and diplomats believe that existing foreign exchange reserves and prospective earnings should be enough to see the peso

parity safely through to March as

planned.

By then, however, Mexico may need another major confidence-huilding measure in the form of a seal of approval for its economic policies from the US. The World Bank, and, more problematically, the IMF. It will also need aid commitments from them, as well as a Paris Club according a wultimental restrictions proon a multiannnal restructuring programme. Mexico refuses to accept any conditionality attached to an

Negotiations, which will only be set in train after the seal of aproval has been received, will begin with the committee headed by Citthank, representing some 500 londing instirepresenting some 500 lending insti-tutions. That will necessarily be a long drawn-out process which the government hopes can be completed by mid-summer.
The resourceful Mr Gurria has

prepared an exhanstive menn of choices with options calculated to appeal to the palates of the banks of various creditor countries.
Undeterred by the disappointing

outcome of the initiative wherehy creditors are invited to exchange debt for zero coupon bonds guaran-teed by the US Treasury, he has been working on schemes whereby interest as well as principal would be guaranteed by multilateral agencies and governments.

Mr Gurria is to propose capitalisa-tion of a minimum 80 per cent of interest due over the next six years as another means of debt alleviation, according to a report last week by

Overall, Mexico is seeking long-term, multi-annual solution to its debt problem. Mr Salinas has speit out the other three key objectives of ending the net transfer of resources abroad, reducing the value of the country's historical debt and slashing debt as a proportion of

immediately, the objective is to achieve a recovery and renewed growth by 1991 when crucial midterm elections for Congress will be held and, if the process is clean, the ruling Institutional Revolutionary Party (PRI) could be in danger of losing its majority in the Chamber of

Deputies.

In contrast to the outflow of resources over the past six years, it is looking for a net availability of financing of \$15bn-\$20bn over the next three years, or preferably the equivalent for the six year term of the Salinas's administration Mr Salinas's administration.

For this year the target for new financing is believed to be about \$6hn, the minimum thought suffi-cient to lay the basis for a rapid return to growth following e six-year period of stagnation and declining

The left-wing coalition opposition constituted by the National Democratic Front has called for some kind of dcbt moratorium. Mr Salinas and his colleagues have been careful to tioned recently about his keynote statement of last May, his diplomatically subtle reply was: "As someone once said, a dead client will never

### **Democrats** cautious on approach to budget

By Peter Riddell, US Editor

DEMOCRATIC majority leaders of the US Senate and House yesterday made clear their caution on making bud-get commitments as they met President Bush for the first time formally at the White

House, together with Republi-can minority leaders. Congressional icoders are relucant to make specific commitments about negotiations on the Federal budget until they have seen President Bush's revised proposals to be presented to a joint session of the Senate and House on Feb-

the normal budgetary process in the hope of producing con-gressional approval for an overall budget by April 15. These ideas involve regular talks with the congressional leadership as well as the usual scrutiny by committees. The

pular decisions.

bring into play the sequestra-tion arrangements for across-the-board cuts under the Gramm-Rudman-Hollings deficit reduction procedures. But he believes the Administration will have to bend on its no tax increase pledge.

### Poll offer by El Salvador guerrillas

By Richard Johns in

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THE Farabundo Marti National Liberation Front (FMLN), the guerrilla group which has been fighting the El. Salvador army for eight years, yesterday proposed the postponement of elections scheduled for March 19 for six months and offered to join a democratic process under certain conditions.

The surprise attempt at a political solution in the war-torn Central American country comes as its forces are threatening the capital San Salvador and have gained the

salvador and have gamed the upper hand:
From its position of strength, the FMLN is anxious to head off the possibility of an election victory, by the right-wing ARENA party of ex-Major Roberto D'Aubuisson, a sponsor of death squads, over the Christian Democrats led by President Salvador Duarte who

President Salvador Duarte who has cancer.

Under the proposals signed by the five comandantes representing different factions of the left-wing coalition, the FMLN is demanding that the army ends immediately "assassinations, arrests and the repression of the mohilisation of the popular movement".

The movement wants the election to be supervised by a

election to be supervised by a council representing all democratic forces in the country in which religious, humanitarian and civilian organisations would he represented. The FMLN is also insisting on the presence of international observers and no

interference by the US.

The FMLN has offered a truce for two days before and after the poll which it proposes should be on September 15,

in dependence day.

In return it wants the army

### **Bush nominee** favours boost for HDTV

MR Robert Mosbacher, President Bush's choice for Commerce Secretary, yester-day threw his weight behind US efforts to develop High Def-imition Television Technology, writes Lionel Barber in Wash-teston.

merce committee reviewing his nomination that HDTV

was a high priority.

The Japanese and Europeans were moving ahead of the US, he said, adding "it's very late in the game but not too

Last week, a US electronics group, including representatives from IBM to small specialist companies and sponsored by the American Electronics. Association, amounced plans to develop a government-backed consortium in devalor HUTV

eral policy he favoured more ive ventures betwe the federal government and US companies to accelerate high tech projects.

### Brazil split on sackings issue

BRAZIL'S Supreme Court may soon be called on to adjudicate hetween Congress and Presi-dent José Samey in a row over who is to take responsibility for the sacking of thousands of civil servants, writes Ivo Daw-nay in Rio de Janeiro. On Monday, Congress sent

back the controversial costsaving measure – part of the anti-inflationary Summer Plan – to the President, arguing that the decision must be exclusively that of the execu-

tium to develop HDTV.

Mr Mosbacher said as a gen-

The issue has become an embarrassing symbol of the reluctance of both sides to risk to withdraw to barracks on the day of the poll and to respect all parties during the election. their declining popularity in favour of tough action to right the economy.

### White House seeks to dispel anti-trust fears for us to realistically look at the test will be whether the wherehy companies holding panies involved in mergers

ORGET the overvalued dollar, second-rate management and "short-termism", a new theory has arrived to explain why US companies find it hard to compete

against their foreign rivals. It is called "fear of anti-trust", the notion that US antitrust law needlessly inhibits US companies from engaging in co-operative technological innovation like their Japanes and European rivals. Its chief proponent in the new Bush Thornburgh, US Attorney General, former governor of Pennsylvania, and one of the Presi-dent's closest advisers.

Last month Mr Thornburgh, backed by Mr William Verity, the outgoing US Commerce Secretary, launched a drive for a relaxation of anti-trust laws to allow US companies to run joint production lines to comnete more effectively against their foreign competitors. Arguing that Japanese and European companies benefit

tion and co-ordinated govern-ment support, Mr Thornburgh said he favoured eliminating the threat of private anti-trust suits against "legitimate joint ventures", particularly in high-cost, high-tech areas such as superconductivity, robotics, computer-aided manufacturing, and high-definition television. Mr Verity, who is due to be replaced as Commerce Secre-tary by Mr Robert Mosbacher - the chief Republican fund-raiser for Mr Bush's presiden-

tial campaign - was even blunter. "The time has come

the anti-trust laws and try to mould them to our favour and not to the interests of foreigners who have no such restric-This may sound like an

industrial policy by any other name but Mr Charles Rule, Assistant Attorney General in charge of anti-trust at the Justice Department, says the Administration merely wishes to clarify withing. to clarify existing law by removing uncertainty about the threat of anti-trust litigation — and the customary tre-hle damages in the event of a guilty verdict in the courts.

However, this is the third time in six years that a Republican administration has sought such "clarification". In 1982, companies were allowed to collaborate in export trading companies and then, in 1984, in joint research and development

Mr Rule says two options are being canvassed among busi-ness and congressional leaders. ment certification - conpled with periodic review - of joint deemed not to threaten compe-

The alternative is to expand the anti-trust waivers for research and development to include joint production agreements. In this case, companies would not be protected from private suits, but they would not be liable for payment of treble damages and, possibly, Dean Rohert Pitofsky of Georgetown Law School says

tant legacy is a less hostile attitude on the part of the US government to industrial concentration and the subsequent

current review results in an extension of anti-trust protec-tion beyond joint manufacturing agreements to embrace joint marketing pacts between companies. Such changes

would, he says, amount to a "radical revision of the law." Mr Thornburgh's efforts to push back the anti-trust barri-ers have aroused suspicion that the laissez-faire Chicago School, so influential during the Reagan administration, still has its invisible hand at

Lionel Barber on the debate over making US business more competitive

work in the Bush administra-In fact, the balance of power has shifted. Not only have leading lights such as Dr Beryl nomic adviser, left Washing-ton, but leading Judges such as Robert Bork, Douglas Ginshurg and Frank Easterbrook falled

to gain seats on the Supreme Court. Mr Rule, himself a keen supporter of the Chicago School, is to resign shortly and he says somewhat wistfully: "We used to be the only game in town. The Chicago School's impor

creation of "safe harbours" -

less than a certain market share have a reasonable chance of not being challenged

in the courts.

The legacy is partly due to default the Reagan administration almost invariably declined to intervene to stem the recent tide of hostile takeovers and mergers; it also wanted to restrict its anti-trust enforcement to cases of "naked price fixing". But above all, it reflects a view in Washington that size and capital are increasingly respectable weap-ons in a US company's struggle for world market share.

The emphasis on interna-tional competitiveness also explains a keen interest in how other countries, particularly the European Community, con-duct anti-trust policy. Mr Rule says the EC's move towards a single, integrated market by the end of 1992 make it imperative that Brussels adopts a "rational system of merger enforcement" including shorter periods for reviewing mergers and clearer guidelines on what information is required from

Mr Rule says the Justice Department has offered to help the competition watchdog in Brussels, called DG4, draw up merger guidelines, but he expressed some concern over an early draft which included an early trait winch inchned industrial policy concerns. "If it etaye that way, there are going to be a lot of unhappy campers in the US," he warns. The US recently published new guidelines for foreign com-

new guidelines for foreign com-

with US companies which includes automatic review of any transaction valued at more than \$15m, with the same rule applying to US deals.

Under the Hart-Scott-Rodino provisions, which expand on the basic Sherman and Clayton anti-trust laws, companies must notify the Justice Depart ment and the Federal Trade Commission 30 days in advance of closure of the deal. If the company bears nothing within that period, it can pro-

Mr Rule says foreign compa-nies receive precisely the same treatment as US companies and are only likely to experi-ence difficulty if they already have a large US market share. A recent example was efforts by Asean-Brown Boveri and Westinghouse to merge their power engineering businesse into two large joint ventures in north American.

turer of steam generators and power transformers."

The question is whether the drive to improve US competi-tiveness could tempt congressmen and officials to adapt anti-trust laws to block foreign ownership of key US companies. So far this remains e dis-tant threat, but foreign ownership issue remains a sensitive issue. And Dean Pitofsky, a former Federal Trade Commission member, says the anti-trust option still lurks below the surface of policy".

In Washington

The meeting was an attempt to put substance behind the President's call in his inauguration speech for a hipartisan approach over reducing the hudget deficit, with his "offered hand" of co-operation towards Congress.

After what was intended essentially as an initial contact, Mr George Mitchell, the Democratic Senate majority leader, said Mr Richard Darman, the designated budget director, had suggested proce-dures for dealing with the negotiations over the budget. These involve telescoping

Darman plan will now be considered by the relevant committee chairmen.

Mr Jim Wright, Speaker of the House of Representatives, said detoiled consultations proud not hear until ofter

would not begin until after

February 9.
Both Mr Mitchell and Mr
Tom Foley, the House majority
leader, have praised President
Bush for his initially co-operative approach. However, they
are wary of being trapped in an embrace of bipartisanship when they do not know the probably uncomfortable details of how the deficit will be reduced, and so face the dan-ger of being blamed for unpo-

Senator James Sasser, the chairman of the Senate budget committee. warned yesterday.
"We're not going to rush out
on the end of a limb and have him saw it off."

· The Democratic chairmen of the congressional committees involved in the budget process "Brown Boveri was an effective competitor here," said Mr Rule. "It was a top manufactor broiections, about the cost of projections, about the cost of the savings and loan crisis and cleaning up nuclear plants. and, in particular, about whether the deficit can be reduced without tax increases. Mr Foley has said he expects an agreement will be reached in time without having to

# **Rebel Argentine** snipers hold out

By Jeanette Staubus in Buenos Aires

ARGENTINE police and soldiers surrounded two rebel snipers holding out near army barracks on the outskirts of Buenos Aires yesterday, after troops had fought a fierce battle to regain control of the

President Raul Alfonsin planned to address the nation last night on the bloody inci-dent, which recalled the vio-lence of Argentina's turbulent 1970s. But mystery still surrounded the identity of the rebels, who seized the La Tablada barracks on the outskirts of Bnenos Aires early on Monday and held out overnight against overwhelming odds. They are said to be members of a leftwing extremist group that has been dormant in Argentina for

over 10 years.

By yesterday morning 25 to By yesterday morning 25 to 30 of the insurgents were dead and 14 had surrendered. Three snipers were arrested early yesterday in an outbreak of shooting shortly after President Alfonsin arrived to tour

the barracks. Shots rang out throughout the day, fired by snipers on roofs around the base who shot at a helicopter carrying President Alfonsin as it flew near the barracks.

Among the troops brought in to take back the base, official

were dead and 24 wounded. Argentines have been shocked by the bloody shoot out broadcast on their television screens, a spectre from the past that has returned to haunt them. In the 1960s and 1970s, similar attacks were launched on army bases by left-wing guerrillas such es the Montoneros and the Peothe Montoneros and the Peo-ple's Revolutionary Army

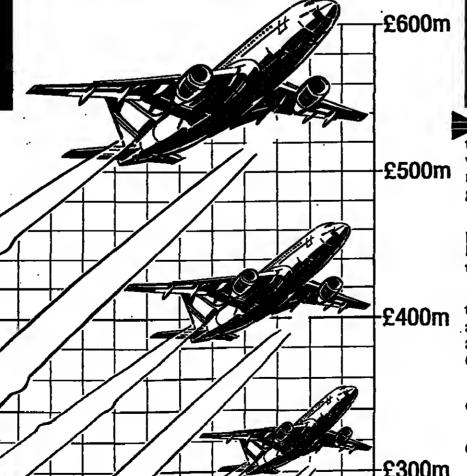
bated by the lack of accurate information and by the mystery surrounding the political bent of what some believe was a suicide squad.

After entering the base, the insurgents distributed pamphlets praising Col Rico and Col Seineldin, who were responsible for three military uprisings over the past two

However, evidence found on

the corpses of the rebels linked them to the (ERP). There was speculation that the pro-military leaflets may have been decoys, intended to convince the army that they were mili-

Mr Cesar Jaroslavsky, the Lower House redical majority leader, identified one of the insurgents as a member of the



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Britain's air traffic has reached record levels and is expected to go on doing so. In fact, in the ten years from 1985 to 1995 we estimate that aircraft movements will have increased by more than 50% and that the number of passengers will have gone up by around 70%.

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In 1988 the CAA completed and put into operation one of the world's most advanced radar systems covering all Britain's airspace. Work has started on installing a new computer system at the London Air Traffic Control Centre and on the Central Control Function to expand capacity over South East England.

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CAA House 45-59 Kingsway London WC2B 6TE

### **UK NEWS**

# High pound, interest rates 'have hit export hopes'

THE Government policy of using high interest rates and a strong pound to curb inflation as hit confidence among British manufacturers and weak-ened their export hopes.

ened their export hopes.

In its latest quarterly survey of industrial trends, the Confederation of British Industry, the employers' organisation, has cast doubt on whether manufacturers will be able to contribute significantly to any improvement in Britain's massive current account balance of payments deficit this year.

However, industrial investment continues at a high level.

ment continues at a high level, suggesting that companies still hope Government policies will eucceed in dampening con-sumer demand before having a seriously adverse effect on out-

put and profits.

The CBI's January poll of 1,300 companies, employing about half Britain'e manufac-turing workers and responsible for roughly half the nation'e exports, found more managers were gloomier about the future than at any tims since summer

They were significantly less

hopeful about export prospects than at the time of the CBI's last quarterly survey in Octo-ber. In the intervening period, bank base rates were raised to bank base rates were raised to
13 per cent from 12 per cent
while the pound'e trade
weighted exchange rate rose by
2.3 per cent and has risen further since. The number of manufacturers expecting a fall in
export deliveries over the next
four months more than doubled since October.

Paradoxically, there was a

Paradoxically, there was a modest increase in the number of industrialists expecting an increase in new export orders between now and April. But this was offset by a sharp fall in optimism about export prospects over the next 12 months to its lowest level for 24 years. Presenting the euryey, Sir Keith Stuart, the chairman of Associated British Ports, said

that manufacturers' concern about exports was not surprising in view of recent upward movements in interest rates and sterling's rise against other currencies, in particular the D-Mark. But while opti-mism had declined, he stressed that there was "no panic" among manufacturers yet. Sir Keith said the survey was worrying if the Govern-ment hoped that rising exports would contribute to a fall in the Britain'e massive current account balance of payments deficit this year. Official figures to be released on Friday are expected to show that the current account deficit reached

current account demon reached £15bn in 1988, more than five times 1987'e £2.7bn level.

Mr Bryan Gould, the opposition Labour party's Trade and Industry spokesman, said the survey showed that Mr Nigel Lawson, the Chancellor of the Exchequer, "must start devis-ing a budget for industry". He said Britain needs a budget that will cut interest rates and

restore confidence.

Treasury officials were less perturbed at the CBI's findings.

They said that optimism about exports and business prospects had been high before the latest survey and that the continued determination of manufacturers to invest showed longer

# Labour says 250 hospitals may 'opt out' of authorities' control

By Philip Stephens, Political Editor

THE OPPOSITION Labour Party yesterday claimed that confidential Whitehall documents showed that more than 250 big hospitals may "opt out" of the control of health authorities under the Government's plans for the National Health

Mr Robin Cook, Labour's bealth spokesman, said that the Government's White Paper (policy document) on the NHS would also include financial incentives which would encourage General Practitio-ners (GPs) to skimp on the treatment of patients.

Speaking later in the House of Commons, Mr Kenneth Clarke, the Health Secretary, accused Mr Cook of "knee jerk" reactione to leaked reports of the reforms.

Mr Clarke confirmed that the White Paper would focus on creating an "internal mar-ket" in the NHS which he said would provide better care for patients and better value for

consortium is to establish an

industrial estate in South

Wales. It is aimed at attracting more Japanese companies to

Two of the 18 Japanese com-panies already established in Wales are understood to be behind the purchase of a site

near Cardiff of about 60 acres

which will be developed lumne-

the site in Japan to companies wanting to establish a presence

in the European Community

before the creation of the inter-nal market in 1992. It will con-

tain not only large factories suitable for large concerns but

The intention is to market

in give specific details until its publication next Tuesday. He faced some concern among his own parliamentarians over reports that the Government plans to introduce a system of cash-limits for GPs. Mr Jerry Hayes, the Conserva-tive MP for Harlow, said that

acted as a "safety-valve" for in an attempt to raise the political temperature over the reforms, Mr Cook quoted from what be said was a leaked summary of the main conclu-sions of the year-long review into the health service.

the absence of such constraints

The document, which Mr Cook said he could not publish in order to protect his source, indicated that the proposals for "opting-out" were far more radical than previously realised. The White Paper would pro-vide for a big expansion of the NHS Resource Management Initiative, raising the number

A second consortium is

by 1991, Mr Cook said.
Those hospitals, each with more than 250 beds, would then be eligible to cut their links with local health anthorities and operate under independent management boards, buying and selling services as they chose, Mr Cook said.

The document showed that once that stags had been reached, the Govsramant planned to merge the existing district health anthorities with the Family Practitioner Committees, responsible for GPs.

In parallel, the Govern-In parallel, the Government's plans to give GPs budgets to "buy" hospital care for their patients would include the provision that any money not spent could be kept by the individual practices. That would provide a direct incentive to doctors to look for the cheapest care, and to take on only young and fit patients. Their drug bills, meanwhile, would be fixed by Regional

of television.
Extsi, which had also wanted to run a satellite racing belowision service was, like SIS, would be fixed by Regional of hospitals involved from the Japanese estate set for Wales

from the Racecourse Associa-tion, the organisation repre-senting owners of more than 50 Mr Graham Wilson, finance director of United Newspapers and chairman of Extel, said the which have always fought shy of the big leap involved in pro-jects abroad, to begin producclosure resulted from a combi-nation of the shrinking number of betting shops and the increasing rate at which the remaining shops were signing They would come to an

up with SIS. In 1986, when the racecourse agreement was being awarded, Extel management were facing pressure from a number of

SIS said it would connect as many betting shops as possible between now and the end of June. Smaller shops would be able to take just the satellite transmission soundtrack for less than half the annual sub-scription of £3,600 to £7,000.

Engine components plant to be re-equipped

# Ford to invest £50m at Belfast factory

By Kevin Done, Motor Industry Correspondent

FORD IS to invest close to £50m on re-equipping its engine components plant in Belfast, Northern Ireland, in a move which the company said

move which the company said would safeguard the factory'e future during the 1990s.

The plant will supply compo-nents for Ford'e new genera-tion of engines to be produced at Bridgend in South Wales.

Ford announced last October that it would spend £725m to build a new engine plant at

By Raymond Snoddy

SATELLITE television

yesterday won the nuequal race to provide live coverage of horse racing to the betting

shops of Britain. Extel, the information group

owned by United Newspapers, admitted that its combination

of data and sound commen

of data and sound commen-taries could no longer compete with the banks of television sets carrying live pictures from dog and horse racing tracks all

over the country.

As a result, the company will stop supplying its racing information service to betting shops from June 30. It will shed 280 jobs.

Sincs its launch with an obscure five-furlong race for two-year olds at Chester race-

course in May 1987, Satellite Information Services, in which the big bookmakers have a sig-

nificant stake, has made dra-matic inroads into the £4hn a

matic inroads into the fabria a year betting industry.

More than 9,000 of the UK's 10,250 betting shops have either got, or are contracted to take, the satellite television service. The specialised service.

vice, which can be received only by subscribing betting shops, is beamed to a commu-nications satellite which re-

transmits the signal to dish

aerials outside the shops.

Mr Monty Court, editor of
The Sporting Life, the racing

daily newspaper, said yester-day that Extel's traditional ser-

vice stood no chance in the age

a contender for the contract

Bridgend, the largest single taken in the UK. It is part of the company's planned £1.8bn investment programme in the UK over the next five years. The new engine plant will have a capacity for producing

up to 850,000 engines a year compared with the present Bridgend capacity of around 500,000 a year. Production is due to begin in summer 1991. The announcement follows

the decision by Montupet, the French motor components company, to invest £90m in a plant to make aluminium cyl-inder heads primarily for sup-

ply to Ford in Bridgend.

The Montupet plant, at the former De Lorean car factory in west Belfast, will create about 1,000 jobs. Ford said yesterday that its £50m investment would create no addiment would create no addi-The plant, which has a wor-

force of about 600, will make oil and water pumps and fuel injection components for the

so-called Zeta range of engines.
Ford said the investment
would make the Belfast plant one of the most modern of its kind in Europe with an annual capacity to produce more than Im oil and water pumps and 300,000 carburettors, for which it will be the sole European

ource. Gearing up, Page 20

### **Satellite** How the Bank appeared to TV beats be caught off its guard Extel to David Lascelles looks at the Equiticorp affair the wire

HE BANK of England has gone to some pains over the last few days to justify its handling of the

But the more details emerge about it, the harder it is to avoid the conclusion that it represents a major embarrass-

The collapse of Equiticorp last week immediately raised questions about the Bank's distribute to prevent the New Zealand-based company from buying a 61 per cent stake in
Guinness Mahon, the City of
London accepting house.

The Bank claims that it was

powerless to stop Equiticorp getting into that position, yet that claim does not square readily with the considerable moral and statutory power which it exercises over the City.

The saga dates back 18 months when Equiticorp, a fast growing diversified group headed by Mr Alian Hawkins, made a bid for Guinness Peat,

Guinness Mahon's parent.

During the bitterly contested fight that followed, Mr Alastair Morton, Guinness Pear's chief executive, told the Bank of England that he did not consider Equiticorp "fit and proper" to own a UK

Although Mr Morton had a lear interest in denigrating his predator, Equiticorp was widely viewed in the City at

the time as, at best, an unlikely bidder.

But Mr Morton was informed by Mr Rodney Galpin, the executive director in charge of banking supervision, Equiticorp out with the Reserve Bank of New Zealand and received a positive report. Mr Galpin has since become chairman of Standard Char-

tered. Asked to comment yes-terday, he declined, citing con-fidentiality. The bid took place at an awkward time for the Bank. Its traditional moral authority had been seriously under-mined by the Johnson Matthey Bankers scandal, but it had

not yet acquired new statutory powers to vet bank sharehold-ers under the imminent 1987 Banking Act.
The Bank now maintains that the absence of these pow-ers prevented it from blocking Equiticorp, even if it had

wanted to.
Nonetheless, it appeared to exercise its powers of persua-sion over Mr Robert Maxwell, the publisher, who launched a rival bid for Guinness Peat, but then withdrew it, stating that "it would be wrong" for him to acquire a major stake just before the Act came into

Ironically, the 1987 Banking Act was enacted only one day after Equiticorp completed its

It gave the Bank authority to prevent undesirables from owning more than 15 per cent of a UK-registered bank, and the powers were specifically framed to enable the Bank not merely to block future owners, but also to look at existing owners and weed out those it did not like.

In a "Statement of Princi-ples" issued last year, the Bank gave notice that it intended to apply its "fit and proper" criteria in a tough way, particularly with large shareholders, and that it would measure the share-holder's influence and risk of "contagion" if it got into trou-

Yet it took no immediate action against Equiticorp despite the New Zealand group's obviously deteriorat-ing financial condition, and the widespread opinion in the City that it was an unstable

shareholder.
In its defence, the Bank says it never officially declared Equiticorp to be "fit and proper", despite repeated requests from the company.

However, the Bank does not disclose publicly which bank

disclose publicly which bank shareholders have not been approved, so this sanction has little effect on a bank's stand-ing in the market. (The Bank says that there now of unapproved bank

shareholders).

What the Bank did do was ensure that Guinness Mahon was run independently of the parent by a well-known senior banker, Mr Geoffrey Bell, for-merly of Schroders, and that it did not lend money to Equiti-

corp.
The Bank's worry was that
Equiticorp would plunder
Guianess Mahon to finance its other activities.

The seriousness of Equiti-corp's predicament became evident in June when the Bank received an anonymous packet containing documents which suggested that it had

been ramping Guinness Peat's share price.

The aim was allegedly to preserve the value of Equiti-corp's investment in Guinness Peat, and protect the security for the £130m loan it had

cate led by Samuel Montagu.

This would not have been hard to do since 80 per cent of the stock was in the hands of Equiticorp and other major shareholders, Lord Kissin and

Mr Maxwell With only 20 per cent on the narket, it would take only relatively small purchases to move the price. The transactions were m

by Grimper Trading which bought about 2 per cent of Guinness Peat through three nominees, Barclays Bank, James Capel, and Den norske Credithank in the early part of

last year. Grimper is a Liberian company located at 885, Third Avenue, New York. This is the same address as Capitalcorp, a enbsidiary of Equiticorp, though both companies have since left.

Around last March, Guinness Peat became suspicious of the link but, on challenging Equiticorp, received assur-ances that the companies were unconnected. This was reported to the board in the

normal course.

The Bank, meanwhile, passed the information on to other regulatory authorities, triggering an official inquiry by the Serious Fraud Office. Last August, the Bank decided the position had become unacceptabls, and asked Equiticorp to sell its

The shares were offered to numerous potential buyers, particularly abroad. One, the Tokal Bank, was becoming interested, and in

November the Bank persuaded the SFO to delay its inquiries to help the deal go through. But the talks broke down, so the inquiry proceeded.

Although the Bank has been

thrown on the defensive by the affair, it can at least point to the fact that Guinness Mahon has survived Equilicary's col-lapse unscathed; its deposits are secure and there are no

And recept events will speed the transfer of Guinness Mahon ownership into more secure hands. On the other hand, the Bank

has frequently preserved UK hanks from doubtful owners in the past, and the presumption has always been that it had

the power to arrange matters to its liking.

It appears to have been caught off guard by Equiticorp, though with the subsequent enactment of the new law, it is better placed to prevent a repeat.

### Barclays, Halifax to pay interest on current accounts By David Barchard -

BARCLAYS Bank, Britain's second biggest commercial bank, and Halifax, the largest building society, yesterday unveiled plans to offer cheque book current accounts which hear interest

bear interest.

The announcements intensify the battle between hanks and building societies for current account customers. Current accounts require no notice for money withdrawal.

Livrig and Midland brake

for money withdrawal.

Lloyds and Midland banks
launched interest-bearing current accounts earlier this
month in a defensive move
aimed at stemming the loss of
customers to Nationwide Anglia and Abbey National. Both
building societies already
offered interest baaring
accounts. National Westminator the legent of the four his

ster, the largest of the four hig commercial bank, is expected to follow shortly. Barclays will offer its 7m personal customers from February 6 a choice between three ruary 6 a choice between three different types of current account. It has scrapped transaction charges on current accounts, whether in debit or credit, with effect from December 5 last year.

Mr Andrew Buxton, managing director of Bernleys and

ing director of Barclays, said he believed the bank was offering its customers "the best overall deal available from any financial institution" when competition in the high street had never been stiffer.
Alongside its traditional current account Barclays is offer-

ing two others:

• Instant Account, a cardbased current account with no cheque book and nor overdraft facilities, but which pays interest; and

Branch Com

A. Tara

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M. T. Jorgan

Alexandra

A STEP STEP

Service Contraction

25

 Interest Account, which offers full cheque book ser-vices, pays interest on balances in credit, but charges an annual £10 fee and reservation fees on authorised overdrafts. Barclays said yesterday that Instant was aimed at young people who did not want a cheque book and interest at those who kept big balances and seldom needed overdrafts. Instant will pay interest of 4.5 per cent on balances under

£500 and 6.5 per cent on balances above that. This is half a percentage point higher than will be offered on the Interest As with the Lloyds and Midland interest bearing accounts, it looks as if much of the cost of Barclays Interest Account will be paid for by customers who incur overdrafts of more

than £100. Barclays expects that between 15 and 25 per cent of its current account funds will its current account mass was move into the new accounts in the first year. The cost of launching the new accounts is expected to be up to £65m, although Mr Buxton said that the bank hoped to regain some of this money by selling additional financial services to its current account customers. current account customers Separately, the Halifax announced yesterday that it is following Abbey National and Nationwide Anglia into the cheque book market towards the end of the year. The move reverses the society's previous strategy of relying solely on card-based electronic accounts.

# **BPB** cuts prices of plasterboard

By Anthony Moreton, Welsh Correspondent

JAPANESE-backed also smaller units.

By Andrew Taylor Construction Correspondent

BPB INDUSTRIES, Europe's biggest plasterboard manufacturer, has cut the British prices of its best-selling prod-ncts by 4 per and further reduced its French and German prices.

The move, which has been followed by BPB's leading European rivals, is set to intensify a European price war in the industry.

The company's main rivals in Britain are Knauf, a West German company which will shortly start manufacturing plasterboad at a new plant in Sittingbourne, Kent, in south-east England, and Redland, the British building materials group which, with CSR of Australia, is supplying plaster-board to the UK.

Redland, which has been importing plasterboard from continental Europe, is due to start production at a new plant near Bristol in south-west

England this autumn.

BPB has estimated that by
the end of 1989 Britain will have the capacity to manufac-ture 250m squre metres of plasterboard a year. This capacity compares with

last year's annual plasterboard sales of about 180m sq meires. BPB has been Britain's only plasterboard manufacturer since Imperial Chemical indus-tries, the UK's biggest chemi-cals company, closed its Bil-lingham plant in Cleveland, north-east England in 1968. RPB has traditionally sup-

plied more than 90 per cent of plasterboard sold in the UK. The company is also the largest French manufacturer and the second largest in West Germany, behind Knauf. BPB, which is estimated to manufacture about half of the

plasterboard sold throughout Western Europe, has cut its French and German prices by about 10 per cent. This move follows previous bouts of price-cutting in Germany and France by BPB, Knauf and Lafarge Coppée, the large French building materi-

The purchase of Rigip's German plasterboard interests by BPB in 1987 prompted Knauf to retaliate by establishing its first UK plant at Sittingbourne. Knauf plans to build a second UK plant in Humberside on the north-east coast of

BPB's main competitors in France are Lafarge Coppée and

BPB also leads the plaster-board market in Austria, Swe-den, the Netherlands and Ireland. A circular on the industry published last year by Phillips & Drew, the London stockbro-

ker, estimated that 280m squre metres of new European plas-terboard capacity would be available by 1990.

Plasterboard damand over the same period, however, was forecast by the broker to rise

by only 40m square metres.

# wing of people who speak their

A second constraint is already seeking a similar site. The idea for involving the Japanese at ground level arose during a visit to Japan last industrial estate built and managed by fellow countrymen and so be sheltered under the August by Mr Gwyn Jones, then newly appointed chair-man of the Welsh Development Agency, and Mr David Water-stone, its chief executive. The Among the 18 Japanese com-panies which have set up in Wales since the arrival of Taki-

tion in Europe.

project was anthusiastically backed by Mr Peter Walker, the Welsh Secretary, who has ron in 1972 are major concerns such as Sony, National Panabeen anxious to see more over-seas investment in Wales. sonic, Brother Industries, Orion and Yuasa Batteries. The scheme would allow Wales has the largest concentration of Japanese concerns of companies with little spare management or without English-speaking executives. any part of Britain.

# Background, Page 30 International builders hasten the spirit of 1992

Andrew Taylor says construction activity in Britain is already reflecting freer competition

AKE a stroll past City of London building sites before venturing east along the banks of the River Thames to the former docks, and you might be forgiven for thinking 1992 was here already. thinking 1992 was bere already. That is the year when European Community trade barriers are due to be dismantled, and should, in theory, allow EC construction companies, along with other types of busi-nessee, to compete freely throughout the Community unrestrained by national boundaries or local politics.

In parts of London the new common market for construction already seems to have been anticipated judging by

the number of international companies working on some of Europe's largest private sector Europe's largest private sector developments.
Within a short distance of the Financial Times' headquarters near St Paul's Cathedral in the City of London can be found Japanese, Swedish and Canadian developers, US project managers, Danish house-builders, French piling contractors and Bslgian stssl fabricators.

Closer examination would

reveal German curtain walling. Swiss lifts adding to a host of foreign-produced building com-ponents contributing to a UK building materials trade deficit last year of more than 22hn.

The last few weeks has seen an increase in joint ventures and the purchase of strategic stakes between contractors from Britain and continental

Europe as they jockey for mar-ket position in the run up to

Most of the deals have involved British and French companies which appear to be more advanced than other EC countries in developing mar-keting strategies for 1992. They have included:

Bovis, the British construc-

tion group, which just before Christmas announced that it stake in the French builder Les Constructeurs Professionels Associés (Copra SA). Bovis has formed a Paris-based management contracting joint venture with Copra.

ing subsidiary of Trafalgar House, the British construction, property shipping and hotels group which, at the beginning of this month announced that it had acquired a 35 per cent stake in Sorresid, France's, second largest pro-cess plant developer.

John Mowlem, which has acquired the French scaffold-

ing group Comabi for £10m and has increased its stake in the Spanish scaffolder, Construc-clones Desmontables Tubnlares, from 30 per cent to just over 50 per cent.

Société Générale d'Entreprises, the French construction group which is 55 per cent owned by Compagnie Générale des Eaux, France's largest water supplier, last week announced that it was negotia-ting to by a 52 per cent stake in

Norwest Holst the British civil British and Continental companies have also formed one-off joint ventures to bid for indiEC CONTRACTORS RANKED BY TURNOVER

EC CONTRACTORS	RANKED BY PRET	<b>AX PROFI</b>
Company	Country	£n
Tarmac	UK	26
Trafalgar House	UK	163
Wimpey	UK	94
Taylor Woodrow	UK	73
Bozzer	· UK	7
Bouygues	France	7:
Costain	UK	66
Dumez	France	63
Mowlem	UK	50
Laing	UK	94 77 77 61 62 63 44

vidual contracts, mostly in the UK. These include John Laing which with GTM Entrepose, Europe's ninth largest contrac-tor by turnover, is bidding to build a privately financed second crossing of the River Sev-ern in the west of England. Hollandsche Beton Groep of companies which are providing the Netherlands is a member of a rival consortium led by Tar-mac of the UK which is also bidding for the Severn con-

French contractor, has joined Wimpey, Costain and Taylor Woodrow to offer a privately financed high-speed rail link

nel tunnel. All four companies are part of Transmanche Link, the Anglo-French consortium which has been contracted to design and build the £5bn Channel tunnel due for completion in 1993. So what is in it for British

opportunities for French part-ners to bid for work in the UK? Mr Walter Hogbin, chairman of Taylor Woodrow international, says there are three basic reasons why a British contractor would be prepared to form a relationship with a company from continental Europe on a UK contract. Ths project might be

financed by Continental com-panies which might want to see one of their own contrac-tors getting some of the work. Or the company, as with Spie Batignolles, might be providing technology which cannot be acquired locally.

"Another explanation might be that British companies by opening up their own market

are hoping to get a return invi-tation to bid for work in their partners' country," said Mr Hogbin. It has not entirely been a one-way street. John Laing is in partnership with L'Entreprise Industrielle of France and Lemminkainen of Finland to build a £31.5m paper mill at Strasbourg in France for United Paper Mills of Fin-

British companies have also large consortia bidding for work in southern European countries which lack the local capacity to finance and carry out major works on their own. Taylor Woodrow is hidding with Holzman of West Ger-many, Fougerolle of France and and Astaldi and Recchi of Italy for a large irrigation and bydroelectric scheme in Greece. The same British com-

Greek, Belgian, Swiss and Swedish consortium bidding for the contract to build the But will an increase in joint ventures and the acquisition of strategic share stakes in companies from other countries lead to full-scale takeover blds being mounted?

The chare prices of most

with large commercial property portfolios and housing landbanks are currently well below the market value of their assets. This could make them vulnerable to a Continen-

them vulnerable to a Continen-tal predator or even another British company.

P&O, the British shipping and construction group, has recently built up a near 10 per cent stake in Taylor Woodrow while Trafalgar House has acquired more than 3 per cent of Costain, the construction and mining group.

of Costain, the construction and mining group.

Companies mounting hostile bids for foreign contractors could, however, come unstuck, according to stockbrokers Philips & Drew.

"The success of a contractor depends on the expertise and experience of its staff. If they leave as a result of a hostile bid the successful purchaser could still lose out." it says.

French construction companies tend to have complex cross-holdings in each other. German contractors have banks and financial institutions as major shareholders, banks and financial institutions as major shareholders,
which could make it difficult
for British companies contemplating bids in these countries.
What seems certain is that
there will be more joint ventures and strategic stake building between companies in
Britain and on the European
continent.

Takeover offers are not out

of the question and Scandina-vian companies anxious to establish a stronger base in a booming UK construction mar-ket cannot be excluded as pos-sible predators.

# WATCH YOUR LANGUAGE?

y interes

current

A Comment

Playing host each year to 36 million people from all over the world is no easy task. Here, noted manwatcher Desmond Morris treats us to a lighthearted look at some of the deadly, but unintentional gaffes that can so easily occur when cultures collide at Heathrow, the world's premier international airport. To find out more about the eyepull, the ear-tug, and the celebrated Greek 'moutza', now read on....

I'm never bored at airports. Quire the reverse. I visit them like other people go to the ballet. To a Manwatcher, there's nothing more fascinating than observing citizens of different countries mingling and exchanging body signals.

And nowhere is the performance so enjoyable as at Heathrow, the world's top international airport.

Day and night they pour in, a cast of 36 million a year from every corner of the globe.

Where else but Heathrow could you hope to see Brazilians rubbing shoulders with Brahmins, Poles with Polynesians, Madagascans with Minnesotans and Neapolitans with Nepalese? Harvey Smith manner. With 22,600 orders for cups of tea open to misinterpretation every day, the wonder is the place functions at all.

It's so casy to give offence. Suppose a passenger asks at the Information Desk where he should go to pay his airport tax.

Now the good news is that at Heathrow, unlike many airports I could name, passengers don't pay any taxes. But just as the Information Assistant begins to say so, she is assailed by a tremendous itch and tugs at her carlobe.

Astonishing though it may seem, this simple gesture means five different things in five different Mediterranean countries.



In America this means 'A-OK'



it means 'zero'. Depending on his nationality, the Assistant has

offered the passenger the following insult: TO A SPANIARD: 'You rotten sponger,' TO A GREEK: You'd better watch it, mate!

TO A MALTESE: 'You're a sneaky little so-and-so.' TO AN ITALIAN: 'Get lost you pansy.' Only a Portuguese (to whom the gesture signifies something ineffably wonderful) would hang around

long enough to hear the answer. Happily, I can report that BAA's information staff are trained in body language.

A Sardinian woman asks if it is easy to find a taxi at Heathrow. The answer she gets is a cheery British thumbs up. (Very likely from one of the 900 cabbies who serve the airport on an average day.) Immediately, she clonks the unfortunate man with her handbag

> for making such a devastatingly obscene suggestion. This is why, incidentally, it's inadvisable to hitch-hike in Sardinia,

Isn't there at least one truly international gesture? Don't bet on it. A Japanese asks an

American passenger whether Heathrow has a luggage trolley service. It has. And as it happens, this service is not only first class, but FREE! So the Yank replies with the famous 'A-OK' ring gesture. But to the Japanese this signifies 'money' and he concludes there is a large charge for the service.

Meanwhile, a Tunisian on-looker thinks the American is telling the Japanese that he is a worthless rogue and he is going to kill him.

The ring-gesture can have further meanings.

A Frenchman has just read a BAA advertisement. Glancing around the restaurant in Terminal 4. he remarks wonderingly to his wife, 'You know how much zis aeroport cost the British taxpayer? Not a sou.' And he makes the finger and thumb ring which to him means 'zero'.

Unfortunately, at the time he is glancing at a Colombian who is enjoying a fine Burgundy with his steak Bearnaise. The Colombian, enraged by the deadly obscenity which he assumes is directed at hun. chokes on his wine and eatches at his nose with



The Punjabi Snake Tongue means 'you're a liar.'

This appalls a Syrian sitting opposite, who thinks the Colombian is telling him to go to hell

The Syrian is restrained with difficulty by his Greek colleague from getting up and punching the Colombian on the nose. Meanwhile the matte d' hurries over and attempts to calm



In Japan it means 'money.'

In Tunisia it means Tll kill you?

palms, This of course is taken by the Greek to be a double-moutza' and in his rage he promptly skewers the unfortunate man with his fish knife.

Of course I am exaggerating to make a point, but I do find it astonishing that Heathrow receives only 8 complaints per 100,000 passengers. Keeping the lid on this simmering rum-punch of international emotions must take every bit as much diplomatic skill United Nations.



To a Saudi this is insulting. To a Florentine deeply flattering.

But even if you're never treated to such a choreography of misunderstandings, the Heathrow ballet is never dull.

Eyes peeled, next time you're there.

(And if you spot anything really unusual, like the South American Goitre Sign, or the Hawaiian Missing Bottle Waggle, do write and lct mc know.)

The world's leading international airport group.

Intelligence or stupidity?

Each nationality has its own language of posture and gesture. But since these body-lingos are often mutually incomprehensible, an innocent gesture made in an airport lounge may well be an unwitting insult.

It depends whether you're Dutch.

Something in your eye? Think before you touch the lower lid. If a Saudi sees you, he'll think you're calling him stupid, but a South American senorita will think

you're making a pass at her. There is no greater insult you can offer a Greek than to thrust your palms towards his

At all costs avoid the Spanish Louse gesture.

face. This gesture, called the 'moutza,' is descended from the old Byzantine custom of smearing filth from the gutter in the faces of criminals as they were led in chains through the city. So vile is this insult that in

Greece even the Churchillian Victory-V is taboo, as it looks like a half-'moutza'

traveller, ordering two teas in a Heathrow restaurant, will carefully reverse his palm and give the waiter two fingers

This means five different things (four of them insulting) in five different countries.

Thus the Cretan or Athenian in the best

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# Best year on record for executive demand

By Michael Dixon

PHEW, at last the fingers can be uncrossed and the breath released. For 1988 has indeed turned out to be a record year in demand for managers and higher-ranked specialist workers, at least in the United Kingdom which seems to be the only country where counts of executive

job openings are kept.

The cause of the formerly bated breath among the UK count-keepers at the MSL management consultancy, was that they were kept in doubt until the very last moment whether 1988 would be the best year for demand since their quarterly checks began in 1959. While the number of executive posts advertised in UK national journals continued high through January-November, December brought a fall heavy enough to sink the whole final quarter's tally below the count for October-

December the year before.
In the end, however, the annual total was 63 jobs up on the previous best in 1985. And although MSL's checks miss the many senior posts advertised solely in specialist and local journals or filled by executive-search methods, hearsay reports suggest that 1988 was splendid all round. Detailed results of the

consultancy's checks for the past five years are shown by

			(Y€	ear to D	ecambe	er 31)					
Type of work	Posts adver- tised	Change from 1987	Posts adver- tised	B7 Changa from 1986 %	Posts adver- tised	Change from 1985 %	Posts adver- tised	Change from 1984 %		Change from 1983 %	
R & O Sales & mitg Production Accounting Computing General mgt. Personnel Others	4,004 5,707 7,589 7,716 4,947 1,623 1,097 7,519	+ 16.7 - 9.1 + 38.8 + 1.2 + 50.0 + 0.7 - 0.5 + 15.1	3,374 6,276 5,465 7,627 3,298 1,611 1,103 6,531	- 8.4 + 1.7 + 13.6 + 19.1 - 11.8 + 27.1 + 19.6 + 16.9	3,683 6,174 4,809 6,402 3,739 1,268 922 5,493	-44.8 - 4.6 -31.7 - 4.7 - 13.8 - 5.1 - 4.2 - 16.6	8,674 6,471 7,036 8,721 4,337 1,336 962 6,602	- 10.5 - 5.1 + 1.5 + 12.4 + 7.4 + 2.0 - 6.3 + 14.6	7,457 6,822 6,931 5,978 4,040 1,310 1,027 8,759	+ 3.7 + 6.6 + 14.8 + 13.8 + 34.8 + 2.6 + 14.9 + 42.9	
Total	40,202	+ 13.9	35,285	+ 8.6	32,490	-19.1	40,139	+ 21	39,324	+15.4	
Jan-March April-June July-Sept Oct-Dec	11,223 10,593 9,338 9,048	+22.4 +23.2 +12.6 - 2.2	8,166 8,597 8,274 9,248	+ 4.1 + 5.2 + 8.0 + 17.8	8,804 8,172 7,664 7,850	-24.3 -21.5 -19.4 - <b>3.7</b>	11,624 10,412 8,507 8,596	+ 8.6 + 3.8 - 2.8 - 3.3	10,637 10,034 9,760 8,893	+16.9 +20.3 +20.7 + 3.9	

UNITED KINGDOM ADVERTISED DEMAND FOR MANAGERS AND KEY SPECIALISTS

the table above, which before going on to give the annual and quarterly totals at the bottom, breaks down the yearly tallies into eight broad categories of work. ("Others" covers people such as buyers, legal staff, economists and assorted consultants.)

While the only marked disappointment is in sales and marketing, that down-turn alone would once have been enough to make MSL dubious about prospects in months to come. For hitherto ebbs and flows in sales and marketing recruitment have usually been lead indicators

of movements in the demand for executives as a whola. But now the counters' optimism is unalloyed. "The market pattern has changed in several ways of late," said one of them. "For example, on past trends, the decline in demand that began in mid-1985 would have gone on for about three years. But in fact the market jumped back to the growth path after only 18 months. So perhaps sales and

marketing don't work as a

lead indicator any more. Even so, both areas stayed "We aren't much worried by December's slump either. To judge by the flow of jobs far below their 1985 peaks of 4,888 for high-tech and 4,330 for energy-related. Moreover, compared with that previous best year, the 1968 pattern of demand - apart from the production category - has swung away from front-line work such as research and development and selling to "staff" activity. The different categories' shares of the totals in the two years in question were:

Type of R & D 16.1 17.5 16.8 Sales & mktg Production 18.9 Accounting 19.2 Computing 3.3 2.4 16.5 General mgt Personnel 18.7 Others

That shift in the pattern makes me, at least, chary of joining in the count-keepers' unclouded optimism.

Scotland

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be headed for a record first quarter's tally yet again." The good industrial omens in the table — production as

well as computing hit an

all-time high — are endorsed by the consultancy's checks on specific business areas.

Executive jobs in the high-technology field rose by 38 per cent over 1987 to 3,752, and in energy-related concerns by 45 per cent to

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Landichtes should be aged late 20s, with two to three years' relevant experience. Good interperso

kills, and the ability to organise your own areas of operation, are highly important characteristic

For details of these and other opportunities in the stments and Securities markets, please contact David Puddick

**FUNDING DEALER** 

c£40,000+

STERLING DEALER c£35,000 Required for European Bankt senior dealer with minimum 4 years' experience of tituning a large Sterling book with gapping positions. FRA skills imperative.

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Experienced spot dealer willing to work shifts accided for large dealing room. Most have deale in one of the major commicies. Generous shift allowance for unacciable hours. area. Ideal age: late 20s.

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A number of excellent opportunities exist for proven salespeople to FX and/or treastry and capital market products with the emphasis on interest rate and currency aways.

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For details of the above and other interesting opportunities in Dealing and Sales, please contact Susan Fletcher

# International Banking

### **Asset Based Finance**

Our client, one of the world's major our chear, one or me wond's major international banks is seeking a small number of Account Officers to manage relationships and market the Bank's full range of services to a number of specialised industries.

to a number or specialised industries.

Candidates, aged 25-35, should have a degree or professional qualification and must possess good credit and marketing skills in addition to at least 3 years of general banking experience. Knowledge of asset based france is essential and in particular experience of the Real Estate and Construction Industries would be advantageous. Prospects for future career development

re excellent and a competitive salary will be augmented by an attractive benefits package, including car, low-interest mortgage, non-contributory pension scheme and free medical insurance

To apply please send a full cv enclosing salary details to Lisa Booth, Consultant, Austin Knight Selection, Knightway House, 20 Soho Square, London WIA 1DS. Or telephone 01-439 5775 (01-256 6925 ngs/weekends) quoting ref LB/827/89

Austin



### PENSION FUNDS INVESTMENT ADMINISTRATION MANAGER LONDON SW1

Our client, a leading publicly quoted UK group is seeking a Pension Funds Investment Administration Manager.

Reporting to the Group Pension Funds Investment Manager, the successful candidate's responsibilities will include:

- Timely settlement of bargains, verification of contract notes, dividend entitlements, commissions and brokers'
- New issue subscriptions, foreign currency transactions, short-term deposits and safe custody arrangements.
- Information to external portfolio valuation and performance measurement services.

Candidates must have at least 5 years' experience and demonstrate a complete understanding of all aspects of Pensions Investment Administration relating to UK

and Overseas equity and fixed interest

This position will form part of a small team based in London responsible for funds totalling about £600m. An understanding of PC based products and packages is desirable in order to provide management information.

A competitive salary will be given together with private health cover and a company car. A contributory pension scheme is also available.

Confidential Reply Service: In the first instance please write with full CV to Charles Barker Recruitment, 30 Farringdon Street, London EC4A 4EA, clearly quoting reference 2150/MB on your envelope. All replies will be forwarded to our client unless we are advised of companies to which your papers should not be sent.

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It hakes a very special person to reach the top in one field only to do better elsewhore; but that is just the sort of person Hill Samusi Invest-ment Services is now looking tor.

If you have successfully dealt with people and Snaces in the past, and are now seeking a now start with the chance of untimited carnings (lactuding office tacilities), as your rown boas, then please send your full CV to

Leonard Ludwin, Divisional Meneger, Hill Samuel Investment Services Ltd., Hanover House, 7274 High Holborn, London WCTV 62S, or phone him on 01 631 8231.

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Four Finance Professionals seek prime Multinetional wishing to establish Swiss Treasury/Finance subsidiary. Skills include: Tax, Accounting, Credit, Operations, Treasury, Forex, Trading, Financial Marketing and Languages.

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TRADED OPTION SALES Very good experience in Institutional sales of London Traded Options. Top package for the right caodidate. Quality House Please cail Richard

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an Advantage. Please call Richard Ward.

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Eurobond Software. Major International House, seeks a Eurobond Salesman or Trader with an excellent understanding of computer software. Ideally with a degree in Mathematics. Computer Science, Finance, or Economics. Fluent in European Language to market a Eurobond software system to traders and portfolio managers. This senior position offers an excellent salary and opponentity for right person. Please Quote DF, 737

Good experience in Sales of French Equities to French Institutions. Fluent speaking of French is essential. Please call Richard Ward.

**EQUITY SALES** 

Eurobond Sales. Top Investment Bank requires sales people with 3 - 5 years experience. Candidates must be fluent in French or German. Please Quote DF/442

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Chemical Bank is the fifth largest bank in the United States, with over \$70 billion in assets, and with a worldwide branch network. The Bank has an international fund management group which manages \$19 billion in funds globally, divided between equity and fixed income based funds.

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Chemical's fund management operation in the United Kingdom, Chemical International Asset Management, Ltd (CIAM) is recently established, and has responsibility for all investment strategy and asset allocation outside the United States, for fixed-income fund management globally, and for the management of UK and European equity portfolios.

CIAM is looking for two exceptional individuals, who will make a central contribution to the JUNIOR FUND MANAGER UK EQUITIES Base salary up to \$30K, plus

To report to the Head of Equities as a member of a team covering UK and European Equities. The individual we seek will have a good honours degree followed by a minimum of 3 years' experience analysing UK equities, and possibly some period as a junior fund manager. He or she, depending on experience, will be expected to take responsibility for managing UK equity funds

within a few months of joining.

RESEARCH ANALYST **UK EQUITIES** Base salary \$16-\$20K, phis

To report to the Junior Fund Manager. This individual will have a good bonours degree followed by about 2 years' experience of UK equity analysis/research, and would be expected to move into a fund management position within 18 months to 2 years of joining.

Both of these positions attract generous banking benefits including private medical insurance and mortgage subsidy and, where warranted. performance-based incentive

# CHEMICALBANK

# **BUSINESS MANAGEMENT**

# **International Corporate Banking**

c £45,000 + substantial benefits

Occupying a strong and central position in key financial markets, our client is one of the world's leading international banking groups. The effective and profitable management of its balance sheet is of major Importance to the bank.

In a new and innovative position, the selected applicant will be responsible for ensuring control and maximisation of returns from a significant portfolio of globally held banking assets and for determining asset strategy. As Controller-Business Management he or she will monitor asset performance, participating in the development of required appraisal systems. The co-ordination of market and marketing needs and risk/reward implications whilst defining policies for pricing and business volumes across the corporate bank will require considerable skill and necessitate continual exposure to senior management.

This is an important strategic appointment and is only appropriate to those capable of reaching senior executive management in a major international banking group.

In their mid 30s, applicants must have excellent communication and analytical skills. Product knowledge gained in a corporate/investment banking environment is essential.

Please write, enclosing a career/salary history and daytime telephone number, to David Hogg FCA quoting reference H/799/FC.

LLOYD MANAGEMENT Selection Consultants 125 High Holborn London WC1V 6QA 01-405 3499

**EUROPEAN** 

INVESTMENT ANALYST

# TRANSACTION

Bank of America International Limited, one of the leading international arrangers of syndicated credits, is seeking an experienced professional to join its Transaction Management Team.

Working with our Global Corporate Finance origination teams, and having direct interface with our clients, the successful candidate will provide advice on the structuring of deals and development of financial products in areas such as eurofacilities, syndicated credits, money markets and swaps. This is a high profile position which will involve all aspects of transaction management from documentation and negotiation through to final execution of successful mandates.

The ideal candidate will have a degree or equivalent, plus three to five years transaction management experience gained either in legal practice or international banking. Knowledge of ISDA practices would be an advantage. as would European language skills.

A competitive salary will be augmented by an attractive banking benefits package, to include subsidised mortgage and company car. To apply please write with full personal, career and salary details to Pam Kirk, Personnel Officer, Bank of America International Ltd, 1 Watling Street, London EC4P 4BX, or telephone 01-634 4662 for preliminary discussions.

**Bank of America** International Limited

### City from £16,000 + benefits To apply, please send your career details to Marilyn Davidson at the address below. Our client, a major investment institution in the City, requires an Investment Analyst with

at least 2 years experience of the European market. Working in a small expanding group, the successful candidate will have excellent career prospects and the opportunity for some European travel. Knowledge of a European language would be helpful but is not essential.

Independent Reconsiters 01-741 9595

Broadway Chambers. 14-26 Hammersmith Broadway London W67AF

# **Pension Fund Administrator**

C £16K & Benefits City

We are one of the leading international fund management groups with over £4.5bn under management.

Due to our increasing business in Pension Funds which saw are set to our increasing business in Pension Funds which in Due to our increasing business in Pension Funds, which now exceeds £2.7bn, we are seeking to appoint a Pension Fund Administrator. Reporting to the Pension Fund Administration Director, your specialist duties will encompass:

□ Total responsibility for specific allotted funds. ☐ Liaison at all levels with Clients, Fund Managers and Banking Areas.

☐ The daily use and future development of computerised pension systems.

To meet this demanding role, ideally you will have a minimum of 2 years experience in a similar position in Pension Runds. You must possess excellent communication skills and the necessary technical ability. If you meet our requirements, please apply with CV to Lois McLean, Personnel Department, Gartmore Investment Ltd. Gartmore House, RO. Box 65, 16-18 Monument St, London EC3R 8QQ.

# European Fund Management

City

**Attractive Package** 

Our client is the investment management subsidiary of one of the UK's leading financial groups with total funds under management in excess of £10 bn. The European team, an integral part of the Global Equities Group, seeks to recruit an investment specialist with a good knowledge of European equity

markets to complement the existing team. Candidates will have a minimum of two years European experience gained within an investment management environment,

either as an analyst or fund manager, and will be expected to contribute actively to the formulation and implementation of investment policy.

If you match these criteria and would be interested in pursuing this opportunity please contact Charles Ritchie on 01-831 2000, (evenings/weekends 01-675 0670) or write to him at

Michael Page City, 39-41 Parker Street, London WC2B 5LH.

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Ambitious, influential and highly

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control and motivate support staff is a

major factor in this appointment. The

introducing new policies which achieve a

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substantial salary and extensive benefits

match the high degree of job satisfaction;

entailed. Successfully accomplished, this

demands of managing a developing

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The rewards are outstanding;

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profitability, underline the critical

nature of the task and breadth of

# Greenwell Montagu Gilt-Edged Gilt Sales

As Greenwell Montagu Gilt-Edged continues to increase its share of the market, it now wishes to add to its sales team.

Applicants should have at least three years' experience of talking to major investing institutions. It would also be advantageous, although not essential, to have a knowledge of selling gilts to non-UK clients.

The remuneration package is highly competitive and will include the full range of investment banking benefits. Please send your CV giving full details, in confidence, to Barbara Simpson, Personnel, Midland Montagu, 10 Lower Thames Street, London EC3R 6AE.



Greenwell Montagu Gilt-Edged is part of Midland Montagu, ational & Investment banking arm of Midland Group.

# CHARTERED ACCOUNTANTS -A CREATIVE USE FOR YOUR SKILLS

The ineteasing significance of larger deals in the enronrate lending • LENDING and investment sector has resulted in the expansion of 3i's City nperatioo. 31 uses its owo capital to a wide variety of investments including capital projects and management hoy-oots and hny-ins in hoth listed and unlisted companies. 3i also underwrites and syndicates equity and debt with nther institutions.

Chartered Accountants have always played an important tole in the initiation and completing of these deals, and the entrent level of growth has created a requirement for three high calibre professionals aged 26-30. Although an directly relevant experience is tequited, candidates should have well developed technical skills, an ability to communicate at all levels and the capacity to work within a close

If you have the appropriate technical and personal skills and are looking to otllise these creatively, theo contact Llodsay Sugden ACA nr Penoy Bramah at Michael Page City on 01-8312000, or write to them at 39-41 Parker Street, Loodon WC2B 5LH.

MANAGEMENT **BUY-OUTS** 

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Services, our clients have already made

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significant headway in establishing a

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The position will strongly appeal to

those seeking a new challenge where

commercial lending experience can be

undertaken by those currently enjoying

personal sanctioning authority to meet the borrowing requirements of medium

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Reporting directly to the General

Manager - Commercial Banking, you

policy whilst playing a prominent role in

will be responsible for shaping future

defining risk and controlling an on-

going programme of lending in the

Retail Sector, both in London

and throughout a regional

network.

allied to genuine marketing flair and

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Its an exciting story; the Leeds is one of the Country's top building societies setting the pace in the expansion of financial services.

We are a major operator in the short gilt market with an excellent reputation among City institutions. Our rapidly expanding Treasury unit has created the need for a gilt-edged dealer to run an active trading book as part of our operation.

Tha successful candidate will need a minimum of two years' experienca in fixed interest markets with a working knowledge of money markets and off balance sheet instruments. Trading experience, self motivation and the ability to work in close liaison with Treasury colleagues are the essential qualities required.

The benefits are as you expect from a leading organisation and include a competitive and progressive salary, Society car, concessionary mortgage, and an excellent pension scheme with free life assurance.

If you would like to be part of our success and have the energy and enthusiasm we need, please send a full CV, including current salary.

> Adrian Drysdale, Personnel Services Manager Leeds Permanent Building Society Permanent House, The Headrow LEEDS LS1 1NS

Relocation package will be offered where appropriate. The Society actively encourages a no smoking policy.

# TRAINING EXECUTIVES FOR THE

FINANCIAL MARKETS The Euromoney Institute of Finance - the training arm of Euromoney Publications PLC - is seeking a number of financial executives to provide part-time teaching on training courses run by Euromoney for banking and finance staff.

Applicants should have in-depth experience in one or more of the major elements of the international financial markets: Corporate Finance, Capital Markets, Foreign Exchange, Money Markets, Bond and Equity Markets, Mergers and Acquisitions, Management and Leveraged Buy-Outs, and the newer financial derivatives such as Futures, Options and

In addition to possessing good communication skills and an enthusiam for teaching, candidates will have held an executive position within a bank, corporate treasury division or business school.

Attractive renumeration paid and opportunity for overseas travel. Please apply enclosing a detailed CV to:

Gerard Strahan Director of Business Development Euromoney Publications Plc Nestor House Playhouse Yard London EC4V 5EX



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# PRODUCT MANAGER International Banking £35,000-£45,000

The Chase Manhartan Bank, one of the world's most prestigious international banks, is a leading player in the Global Service Products market. Its premier position is built upon the strength of its Corporate and Institutional relationships together with an emphasis upon innovation and customer service.

Corporate Trust represents a key product, essential to the Bank maintaining its position at the forefront of this market. Acting as the issuing and paying agent on behalf of Investment Banks and Corporate Names, Chase has developed the expertise and structure to deliver increasingly sophisticated debt instruments. To meet the challenges of this rapidly growing business

Chase is seeking to appoint an experienced Product Manager.

The successful candidate will be given a very real opportunity to directly influence the development of the global Corporate Trust strategy. Building on the strengths of the existing team they will be responsible for the development of new business opportunities as well as the maintenance of existing relationships.

Whilst a knowledge of Corporate Trust would be desirable it is secondary to a sound track record in product development and proven man-management skills. Applicants should have experience of working within a related financial environment and a familiarity with debt instruments.

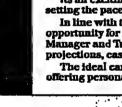
In return the Bank offers a competitive compensation package and can

match the highest aspirations of those looking for rapid progression within the field of Service Products management. Please send full c.v. or telephone

for further information: Gill Pembleton, Well Court Associate 11 Well Court, London WC4M 9DN. Tel: 01-236 0723. Fax: 01-489 8305.







ANALYST Leeds

TREASURY Up to £20,000

+ Benefits

Its an exciting story; the Leeds is one of the Country's top building societies setting the pace in the expansion of financial services. In line with this the expansion of the Leeds' Treasury operation presents an opportunity for a bright, imaginative and energetic person to assist the Risk

Manager and Treasurer with market and interest rate risk analysis, strategic projections, cashflow monitoring and dealer support.

The ideal candidate will have a mathematics or economics background, offering personal computer fluency along with a high level of numeracy and analytical skills. A working knowledge of the principal financial markets, off balance sheet instruments and risk management analysis techniques would be o distinct

The main duties of the post include: monitoring of the Society's cashflow, liquidity and interest rate and credit risks, ntilising existing and planned pe-based development of full asset/liability management simulation onalysis, incorporating evaluation of alternative strategies,

interpretation and reporting. - provision of the highest quality dealer support via peopplications. The benefits are as you would expect from o leading

organisation and include a progressive salary package including Society car, concessionary mortgage, and an excellent pension scheme with free life assurance.

If you would like to be part of our success and have the drive and enthusiasm we need, please send a full CV, including current salary, to:

Adrian Drysdale, Personnel Services Manager, Leeds Permanent Building Society, Permanent House, The Headrow, LEEDS LS1 1NS. Enquiries will be treated in the strictest confidence. Envelopes should be marked "Staff Confidential."

AN EQUAL OPPORTUNITY EMPLOYER

# **Business Development**

Acquisitions –

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Thames Valley

future. An opportunity not to be missed.

The overall package is extremely attractive

and includes a car, mortgage scheme and a profit share. Assistance with relocation is

probably involved in a Corporate Finance activity – but you will need to be experienced in handling acquisitions. Qualified in accountancy, law or banking – preferably with an MBA – you must be very personable with entrepreneurial flair and have a We have been retained by a £multi-billion Group - a household name in the Financial Services sector - to search for an appropriately qualified person capable of playing a major role in the Group's planned expansion programme. It occurred to us that it might also be worthwhile advertising good business brain. this vacancy to promote interest, thereby By presenting the right image and display-ing positive managerial skills, you could be a front runner for a general manage-ment appointment in the foreseable

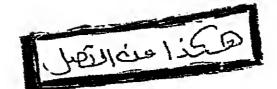
"spreading the net." We are looking for a manager to be responsi-ble to the Board for identifying acquisition prospects, directing skilful negotistions and co-ordinating all related administration. It will be 'hard going,' with much pressure, but tremendously satisfying when

It is likely that you are in your 30 s and

Please write, is strict confidence. enclosing GV and details of current salary, and quoting ref. 447 to Douglas Atkins

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# Sterling Swap Trader

£ Negotiable

A prime UK merchant bank seeks experience in the sterling swap a senior sterling swap trader to enhance its risk management capability.

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The successful candidate will be expected to negotiate and execute swap deals on behalf of the Bank, including those resulting from new issue activity.

This position demands a minimum of three years'

market including exposure to the development and marketing of new swap and risk management products.

Those interested should contact Nick Bennett on 01-831 2000 or write to him at Michael Page City,

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## Associate Directors

UK-Corporate Finance

Package Subject. To Negotiation

A unique and challenging opportunity has arisen in one of Europe's leading investment banks.

As a result of successful developments in its U.K. advisory and transaction oriented corporate finance department, the directors wish to employ two further Associate Directors.

Applicants must be professionally qualified and experienced at management level in the field of Corporate Finance. They will ideally be currently employed in a U.K. merchant bank or broker, or within the U.K. team of a leading international investment bank.

Career development prospects are unparalleled and the remuneration package envisaged reflects the bank's total commitment to further growth.

For full details, in complete confidence, please contact Roger Tipple, who is retained to assist in the initial selection

the *leet* partnership

Financial Recruitment Consultants, 37/41 Bedford Row, London WC1R 4JH. 01-831 1101 (24 hours). Fax: 01-831 4204

# GREYHOUND BANK TREASURER

Salary neg. to £35,000 plus car, bonus scheme and other benefits

Greyhound Bank Limited is the London based banking subsidiary of The Greybound Corporation Inc; undertaking consumer finance and private and commercial banking. The Bank also provides treasury services to associated companies active in European and International financing transactions.

With the impending departure of the current Treasurer, the bank wishes to appoint a successor. Candidates should have good knowledge of the sterling and foreign exchange markets and be able to demonstrate direct experience of liability and liquidity management. The position requires good negotiating skills and a sound general banking background.

Applicants should send details of their qualifications and experience indicating current salary to: P. Taylor, Human Resources Manager, Greyhound Bank Limited, 11 Albemarle Street, London WIX 3HE.



### UNIT TRUST MARKETING

Edinburgh



Stewart Ivory is one of Scotland's leading independant Fund Managers active in managing Investment Trusts, Pension Funds, Unit Trusts and Private Client funds.

A position has arisen for a Marketing Manager to take responsibility Stewart Ivory for marketing the company's Unit Trust Portfolio to Brokers throughout the UK. Although reporting to the Marketing Director this person will be expected to work independently, take full responsibility for the Unit Trust business development and contribute to the management team's development of

The position is based in Edinburgh and combines a superior quality of life with good prospects in a successful fund management business. In 1988 Stewart Ivory was winner of Money Management's "Small Unit Trust Management Group of the Year" Award. The ideal person will be a graduate, male or female aged 25-35 with a recent successful record of UnitTrust sales. However personality, energy and creativity are of paramount

For immediate action telephone Kirsty McMillan in London on Wednesday, Thursday 25/26 January on 01-353 1244. Otherwise write with C.V. or call her in her Edinburgh Office:

importance and we would like to hear from anyone who would consider themselves to be

ASA International (Recruitment Consultants) 63 George Street, Edinburgh EH2 2JG Tel: 031 226 6222 ASA International

a send full CV to: Mr. D. Graaly, Personnel Menager, The Sumitomo Trust & Banking Co Ltd., 62/63 Threadneedle Street, London EC2R 8BR.



# Scandinavian Marketing Leading US Bank

This prime financial institution has a traditional stronghold in Scandinavia which has resulted in a select and high quality customer base, in the past year the bank has successfully re-focused its activities onto key product strengths amongst them Swaps. Options and other treasury products; capital and money market transactions; and highly structured

They seek an energetic banker able to develop existing relationships and focus on "transaction opportunities". A good business knowledge of Scandinavia is essential for a bank already well known and respected in the area. Other European

language skills would also be useful. The role offers the opportunity to arrange creative transactions as the prime market contact within a bank strongly committed to the region, and to work with a tight-knit and innovative team of senior bankers.

Interested candidates should forward a Curriculum Vitae quoting reference 007 which will be forwarded directly to our client. Please enclose a covering letter stating any organisations to which you would not like your CV to be forwarded. All applications are treated in strictest confidence.

76, Watling Street, London EC4M 9BJ



Tel: 01-248 3653



Mitsubishi Finance Limited

# **LEGAL AFFAIRS & COMPLIANCE**

**CORPORATE FINANCE** 

Mitsubish! Finance International Limited is the major securities and Investment banking arm of The Mitsubishi Bank, Limited. Due to expansion opportunities have arisen for two persons to complement our existing Legal Affairs/ Documentation team, reporting to the Company's General Counsel.

One is needed to assist in serving the legal requirements of the Investment Department. The suitable applicant should have experience in commercial legal work, preferably gained in a Securities Trading/Investment environment, together with a flexible approach to his/her workload.

The other is required to organise and prepare Eurobond New Issue documentation. The suitable applicant should have experience of the New Issues in the capital markets together with good

In return we are able to offer both poeitions: on the job training (where necessary), a competitive salary according to age and experience together with benefits consistent with usual banking practice.

Please write in strictest confidence enclosing a full C.V. to:

David Spencer, Company Secretary, M.F.I.L., 1 King St., London EC2V 8EB.

# **FLEMINGS**

U.K. and European Derivative Sales

Robert Fleming Securides is planning further development of its trading and distribution of internadonal derivative products. Already a recognised force in both primary and secondary markets for Japanese convertibles and warrants, we now wish to expand our coverage of the U.K. and European convertible and warrant markets.

Candidates should have experience of dealing in these securities and be fully conversant with trading practices in both the Eurobond market and the major European Stock Exchanges. A knowledge of U.K. and overseas investment institutions is essential, as is the ability to communicate at a senior level with insorutional portfolio managers. Successful applicants will have a proven track record in this field.

A full salary package commensurate with relevant experience is available. Applicants, of either sex, should write enclosing their curriculum vitae to:

> Frank Smith Robert Fleming & Co Limited 25 Copthall Avenue London ECZR 7DR Tel: 01-638 5858

# Jonathan Wren Leasing

ASSET FINANCE

L CROSSBORDER SPECIALIST

Our client currently enjoys an unrivalled reputation within the major asset finance market due in no small pert to the exceptional calibre of their highly professional team. They seek an additional individual who will be aged 30 to 38, professionally qualified and, most significantly, will terruntly be making a substantia contribution within a major merchant/international bank or leading 'packager'. The appointer will identify, amounter and close complex and highly innovative crossborder transactions, financing assets of high net worth including aircraft and property. Both the level of the appointment and the high degree of responsibility are reflected in the excellent intensive related measurement and the high degree of responsibility are reflected in the excellent intensive related measurement package. It is unlikely that applicants currently earning less than £70,000 will possess sufficient relevant expertise.

2. VENDOR PROGRAMME SPECIALIST

£25,000 to 30,000 plus bonus plus benefits

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Those interested should write in total confidence to John G Osborne, Fletcher Jones Ltd, 9 South Charlotte Street, Edinburgh, EH2 4A5, or telephone:

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① We offer a generous package including an attractive salary and a full range of benefits. Candidates should write, including their curriculum vitae, to: C.J.B. Faherty, Administration Director, Foreign & Colonial Management Limited, 1 Laurence Pountney Hill, London EC4R 0BA.

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Should have at least ten years of wide experience in the area of Financial Investments including Portfolio Investment, Analysis, and Management.

Applicants are required to send a detailed curriculum vitae with

Exvestment Department P.O. Box 2921 Safat

The application should be received by the department not later than February 28, 1989.

Jan 25, Feb 1.

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> Axel Busch Editor-in-Chief, L.O.R. The ICIS-LOR Group Ltd. 18 Upper Grosvenor Street London WIX 9PD

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The above position requires very good knowledge of English. Knowledge of Arabic will be an advantage.

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Interested candidates are invited to forward their detailed applications together with photocopies of their education and experience certificates, within three weeks from the date hereof, to:

THE HUMAN RESOURCES DIVISION MANAGER PERSONNEL DIRECTORATE ABU DHABI NATIONAL OIL COMPANY (ADNOC) P.O. BOX 898 - ABU DHABI - U.A.E.

# INTERNATIONAL

**Appointments** CAREER OPPORTUNITIES **Advertising** 

The International Finance Corporation (IFC), an affiliate of the World Bank with headquarters in Washington, O.C., promotes productive private investment in developing countries through project financing and advisory services to enterprises.

The IFC is currently recruiting INVESTMENT OFFICERS with the following qualifications and aspirations: An MBA Degree or equivalent.

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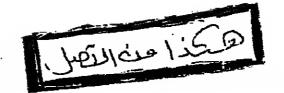
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extensively internationally. IFC offers a competitive compensation and benefits package including relocation expen-ses upon appointment and provision to main-tain cultural ties with home country.

If you are challenged by this opportunity, please send a detailed Curriculum Vitae or Resume, in English, to: Cornells de Kievit, Recrultment and Employment Officer, INTERNATIONAL FINANCE CORPORATION, Room 1-2001, t818 H Street, N.W., Washington, D.C. 20433, U.S.A.

International Finance Corporation us fax (202)334-0382





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One Year Post

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# DEAN WITTER FUTURES LIMITED



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If you are interested in joining us please write, enclosing a copy of your cv. to: Miss Stephanle Patterson, Personnel Manager, Dean Witter Futures Limited, 56 Leadenhall Street, London EC3A 2BH. Telephone: (01) 480 8500.

### SENIOR TRADER

Leading international investment group requires Senior Trader, with management experience, for AS securities desk. Incumbent requires a minimum of 5 years' relevant trading experience, preferably gained in Australian market and broad knowledge of all aspects of AS securities, (bank bills; Treasury Notes; Australian Commonwealth Government Bonds; FANMAC, etc.) but will specialise in arbitrage, risk exposure in trading and underwriling and hedging AS currency and interest rate swap positions. Salary negotiable.

Applicants aged 30 - 35 and educated to degree standard should write, in strictest confidence, enclosing full cv, to Box Al 119, Financial Times, 10 Cannon Street, London EC4P 4BY

### **EQUITY DEALERS - EQUITY ANALYSTS** European/S.E. Asian Market

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### **COMPANY NOTICES**



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(Incorporated in the Republic of South Africa) Registration No. 01/00251/06

OIVIDEND NO. 107 ON SHARE WARRANTS TO BEARER

Pursuant to the notice published on 20th December, 1988 members are informed that the rate of evehange at which payments of the above dividend are to be despatched by the United Kingdom Paying Agents on 2 February, 1989 is 1 rand of 100 cents equals 23.6136000 United Kingdom corrency. The gross dividend payable by the United Kingdom Paying agents is therefore, equivalent in 94.4555p per share. Hulders of share warrants to bearer are informed that payment of Dividend No 107 will be made on or after 2nd February, 1988 upon surrender of Coupon 110 at the office of Hill Samuel & Co. Ltd., 45 Beech Street, London EC2P 2LX.

Amount payable

per share (U.K. Currency) Equivalent in United Kingdom 94,4555 currency of dividend declared Lass: South Aliacan Non-Resident Shareholders' Tax of 15%

14.1683 AMOUNT PAYABLE WHERE A U.K. INLAND REVENUE OCCLARATION IS LODGEO WITH COUPONS

80 2872 Less: United Kingdom Income Tax

(See Notes 1 & 2 below) 9.4455

AMOUNT PAYABLE WHERE COUPONS ARE LOOGEO WITHOUT UNITEO KINGDOM INLAND REVENUE DECLARATIONS

Coupons must be listed on forms obtainable from the Office of Hill Santeel & Co. Ltd. and deposited for examination on any weekday (Saturday excepted) at least seven clear days before payment is required

99, Richopspate, LONDON EC2M 3XE Circl January, 1989

BARNATO BROTHERS LIMITED London Secretaries Mrs. A.F. Smith

(1) The gross amount of the dividend for use for United Kingdom Income and Surray purposes is 94.4555p

(2) Under the Double Tavarium Agreement, between the United Kingdom and the Republic of South Africa, South African Non-Resident Shareholders' Tax applicable to the dividend is allowable as a credit against the United Kingdom Tax payable in respect of the dividend. The deduction of tax at the reduced rate of 10% instead of at the standard rate of 25% represents and an allowance of credit at the rate of 15% in respect of South African Non-Readem Shareholders' Tax.

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**CONTRACTS & TENDERS** 



### ANNOUNCEMENT OF TENDER

The Saudi Arabian National Guard announces the tender of the three (3) year project for the management, operation and maintenance of the King Fahad Hospital complex and associated facilities located in Riyadh, Saudi Arabia. This project incorporates full management, operation, and maintenance inclusive of all functions, facilities, and services contained therein. King Fahad Hospital is a 600 bed tertiary care facility with 400 beds currently in operation. Specialized firms and establishments in this field who are interested in tendering for this project are invited to submit documents and certificates establishing they meet the following:

- 1. Proof of licensing, registration or certification as a professional hospital management and operation firm in the Kingdom of Saudi Arabia and/or abroad. Such license, registration or certificates must have been in effect for a period of at least five (5) years.
- 2. Experience in the operation and management of hospital facilities totalling a minimum of 2500 beds during the past ten (10) years preceding this announcement. Such experience may be comprised of a cumulative total of bed capacities for facilities managed during this period. Experience during the most recent past four (4) years must include operation and management of a tertiary care hospital facility having at least 300
- 3. The tendering firm must be the sole responsible entity to the National Guard for performance of all requirements.
- 4. The capability to recruit required personnel in the specialized professions and trades required, from a number of different countries.
- 5. Appropriate corporate infrastructure consisting of facilities, staff, organization, administrative resources and functional capabilities to perform a project of the size and type required.
- 6. Facilities and capabilities available either through agreement or within corporate resources, for the training and advanced education of personnel in all specialities and areas of expertise required in the hospital. Such capabilities must exist with reputable educational and teaching hospitals located in one or more advanced countries.
- In addition to the above, firms or establishments must submit documents establishing and showing the following:
- a. Substantiating primary line of service and business.
- b. Financial statements for the most recent past five (5) years.
- c. Commercial Registration and Certificate of Chamber of Commerce Registration in the Kingdom of Saudi Arabia or in the country of origin.
- d. A complete organization chart of the firm or enterprise. A comprehensive listing of all key personnel, directors, and senior staff shall be included which profiles each individual's qualifications, experience, education, and nationality.

The documents and certifications required above must be fully authenticated by the appropriate authorities and professional bodies of the country where the firm is operating. All submitted documents must be officially authenticated by the respective Saudi Arabian embassy or consulate. Documents shall be submitted to:

National Guard Headquarters Room 2040, Second Floor Khurais Road, Riyadh 11173 King Fahad Hospital Project, Riyadh TELEX 401604 NATGRO SJ Kingdom of Saudi Arabia

not later than MONDAY 28/7/1409 H, corresponding to 6 MARCH 1989.

Tender documents for this project shall be available for purchase by those who meet the requirements mentioned in this announcement at a cost of SR 150,000 per set, from the

National Guard Headquarters Bids Department Room 3029, Third Floor Khurais Road, Riyadh 11173 Kingdom of Saudi Arabia

commencing on SATURDAY 16/9/1409 H, corresponding to 22/4/1989 through 24/9/1409 H, corresponding to 30/4/1989.

Bids shall be submitted to Room No. 2040, Second Floor at the above-mentioned address not later that 10:00 A.M., MONDAY 21/12/1409 H, corresponding to 24/7/1989.

# Science with a commercial heart

David Fishlock examines changes in the way ICI conducts its R&D

"WE DON'T sell chemicals - what we sell are effects," says a board member of Imperial Chemical Industries, Britain's biggest corporate investor in research and development (R&D).

research and development (R&D).

ICI scientists are trying to identify and perfect a variety of effects that can be packaged safely, conveniently and economically for sale to a global market. Nowadays this approach applies no less to electronics and information technology than to pharmaceutical, veterinary and agro-chemical products.

The man who has played a central

The man who has played a central role in changing the direction of ICI's role in changing the direction of ict's scientific effort retires this month after 10 years as research and technology director. As the group's chief scientific adviser, he has masterminded a profound change in thinking — both at board level and among ICI's 9,000 research scientists world-wide — which has brought effects to the force

has brought effects to the fore.

Reece has also rid the group of almost all central research, slotting cor-porate R&D programmes and people into whichever division seemed best fitted to exploit the discoveries. In the case of electronics, this meant creating

a new division.

By abandoning the type of corporate research which traditionally has close ties with academic science, Reece has gained a reputation for philistinism in the university world. However, as the ICI management saw it, corporate research had become a distraction rather than an asset. The divisions pre-ferred to buy in innovation. In the 1980s, ICI has seen a startling

change in the purpose of its science, says Peter Doyle, research director-designate. In the 1970s, the businesse lacked a sense of common interest and pursued their own objectives. They tude and rejected innovation from elsewhere in ICL

Doyle credits Reece with giving a common sense of purpose to ICI science — with seeing it as one big pool from which all parts of the company could draw. Reece says it was simply a question of responding to the company's decision to change its business profile away from bulk chemicals and towards more added value and particularly the marketing of effects.

"It means that in an increasingly competitive world we have to be more selective and more often right in our judgments," he says. "It presents management, from board level to individual businesses, with the problem of risk-benefit analysis in a way we never faced before"

faced before."

Before ICI will provide the "patient money" required to nurse an invention through a protracted and costly development phase, it now demands better evidence that the idea will eventually pay off. Rece cites Pruteen (an abandance that the idea will eventually pay off. doned biotechnology venture into breeding protein with natural gas as a feedstock) as a costly investment of the 1970s for which "market research was zero when the steamroller started

He is also convinced that it is impos He is also convinced that it is impossible for any organisation to be self-sufficient in science and technology. "In the UK, we have benefited from working alongside a powerful national science capability." He says Britain's strength in academic biology has contributed to the success of ICT's biologically based businesses.

cally based businesses.

When Reece became research director, he inherited a support staff of 70 and a general manager of R&D. This was a legacy of efforts in the 1970s to get some corporate interest in central R&D - a move fiercely opposed by divisional research directors.

Reece whittled down the headquar-ters staff to three scientists. Two are in London, one - Bernard Langley remains at Runcorn, location of the for-mer corporate research centre. The peripatetic Langley is Recee's eyes and ears in the academic world, highly respected among academics but equally at home in industrial science. Langley sees his task as trying to make the apparently unfashionable areas of science which interest ICI look exciting to

Reece says that the key to his own job is an intimate knowledge of ICI's research portfolio. This means talking to the scientists, especially the young and innovative ones, and not just their managers – something that makes managers nervous. He often excludes managers from such meetings. He revels in the insights he can glean in this way. "It keeps me informed and it keeps

me young."
As a result, he and Langley believe As a result, he and Langley believe they are in a unique position to crossfertilise the ideas and efforts of some 6,000 ICI scientists in Britain, where about 70 per cent of the group's R&D investment is made. They also have what he calls a "hunting licence" to capture ideas, wherever they lurk, that might be made to pay off somewhere in the group. But, says Reece, if they capthe group. But, says Reece, if they can-not see £10m sales on the horizon, "for-

From corporate R&D came the nucleus of ICI Electronics, a venture which is marrying such disparate sciences as colour chemistry, film and surface science, polymer chemistry, laser techniques and mathematical modelheaded by Ed Dart, a leading UK plant scientist, has become the research group for ICI Seeds, a new venture in which ICI has invested hundreds of milwhich ici has invested numereds of mil-lions of pounds in acquiring companies. A molecular biology team has become part of the fast-expanding R&D cantre of ici Pharmaceuticals.

The only ici corporate science teams today are in the areas of colloid science, toxicology and environmental science.

toxicology and environmental science, which are seen as relevant to just about

which are seen as relevant to just about everything ICI does.

ICI R&D is now grouped into four main UK centres: Alderlay Edge, Cheshire, pharmaceuticals; Jeallot's Hill, Surrey, agro-chemicals and seeds; Wilton, Tees side, advanced materials and blooms believed. technology; Runcorn, Cheshire, chemi-cals and polymers. Each does R&D for

other parts of the group.

Reece has great faith in "skill centres" where a critical mass of first-rate scientists can make their expertise available to the whole group, while remaining identified with a particular division. One research manager talks of his "community of science interests." This avoids the kind of problem that Reece inherited, when corporate R&D, frustrated by the not-invented-here factor, was trying to launch its own com-

mercial ventures.

ICI is also rapidly building up R&D — especially development — in the US and ICI is also rapidly building up R&D —
especially development — in the US and
Japan. Reece expects a continuing shift
of development resources overseas, in

association with fast-growing markets. But he retains great confidence in both the quality and the relatively low cost of science in Britain. Cost per scientist can be less than half that in some other countries, he says. It helps account for ICI's smaller investment in 1880 here were the light week ment in 1880 here. R&D than, say, its big West German competitors. The studies on gene profiling for criminal identification, con-ducted by Alec Jeffreys at Leicester University, were spotted early by Lan-

University, were spotted early by Langley and represent a recent example of academic science snapped up by ICI.

Also at Leicester University is a laboratory which Reece has backed for almost his entire time as research director. ICI pays for a team of 12, headed by Bill Brammer, specialising in human breast cancer and the control of gene expression in mammalian cell systems. Brammer describes it as academic

Brammer describes it as academic science relevant to company targets. "We get a great deal of two-way exchange of information, expertise and personnel." He has guarantees on fund-

personnel. He has guarantees on fund-ing until 1991.

The company treats this work as a core programme in molecular genetics.
It has taken out patents and made a gentleman's agreement with the dons that any eventual profits will be shared.

As scientific advisor to Denys Hen-deren LCTs chairman and the board derson, ICI's chairman, and the board, Reece is proud of the fact that it has never rejected a case he has made for investing in science, including his arguments for major new ventures in electronics and biotechnology (seeds).

To reach such a decision with confidence, he says, you have to get right to the heart of the science and satisfy yourself that the scientists really can achieve what they claim. You have to be prepared to challenge accepted wis-dom. For example, scientists talk a lot about plants fixing nitrogen but their main task is to fix carbon dioxide. "To tease this ont, you must ask stupid questions — I enjoy doing that."

As a result, Sir Charles Reece

believes he is leaving an ICI board that has a better appreciation of what research is all about than the company







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### At home with the rough seas of debate

A spare-time sallor, Sir Charles Reece has no desk but works from a leather sofa in works from a leather sola in a turbulent sea of paper, barking "Bish" for his long-suffering secretary. He believes his management style is "more at home with the process of debate than with pontificating on subjects which are at best only highly subjective." Research management is such a subject,

he says. Sir Charles, an organic chemist, has spent his career with ICI, initially on dyestuffs research and medical product development. His name is on about 30 ICI patents. By 1979, when he was made

research and technology director, he had acquired considerable husiness experience, including that gained as deputy chairman of the Mond (chemicals) division and as chairman of

the plant protection division. In the last five years, he has earned a reputation in Whitehall as an influential voice on national R&D shortcomings, through membership of Acost, the Advisory Council on Science and Technology, and its forerunner. Acard.

He headed the Acard investigation of the exploitation of science published in 1986. The report put forward a process for identifying areas of science which showed some certainty of contributing to national conomic health.

Inevitably there would have to be selection — something the academic community had resisted. "In ICI, we got where we are today by a process of rejection," says Sir Charles in his typical no-nonsense

ay. One vice chancellor,

conferring an honorary degree, described him as a "ruthlessly pragmatic reformer, impatient of

anomalies." anomanes.

ICI endorsed the principles of the Acard study by joining Cest, the Centre for the Exploitation of Science and Technology, a new think tank set up by the 20 British companies most committed to R&D.

to R&D.

Last year Sir Charles
completed another study, this
time for Acost (the Advisory
Council for Science and
Technology), identifying how
Britain might win greater
economic benefits from its defence R&D, which acco for nearly half of total public spending on R&D.

Spending more money on R&D is not a formula that guarantees success," he says of ICL. "Spending it wisely is what counts."

rist came the keyboard, then the mouse. Now these have been joined by touch-screens, which help people communicate with computer systems.
Increased reliability and customer demand have helped

touch-screens advance from technological novelty to useful business tool. They comprise screens with words and graphics which the user touches to indicate what he or she wants. In Europe, the financial sec-tor is pioneering the introduc-tion of touch-screens. Share dealers use them, for example, as a telephone directory. When on the dealer-board screen, the

number is dialled.

The technology is also becoming popular for cashpoint systems and other banking terminals, where custom-ers with no experience of information.

Four touch-screen technologies are currently vying for market share:
• Infrared beams. Up to 16

beams pass from top to bottom of the screen and up to 16 from side to side. When the user touches the screen, the beams are broken, identifying where contact was made. Earlier versions were criticised because the small number of beams (only four in each direction) imposed design restraints on

the screen graphics.

Capacitive" screens. The glass screen is coated with a conductive film, so that when the screen is touched the current crossing it is broken. • Pressure membranes. A hard plate pitted with minute

Getting in touch with the computer

By Della Bradshaw

dimples is fitted over the film. When the screen is touched, the film is depressed to make contact with the plate. Digital Equipment, the US computer maker, has developed a hybrid system marrying pressure membrane and capa-citive technologies.

Piezo-electric techniques. A load-sensing cell at each corner of the screen measures the load on the screen. The compnter can calculate which point has been touched by comparing the load at each of the four corners. For example, if the load is equal, the pressure is in the centre of the screen. IBM's 4737 self-service

banking transaction terminal-uses a piezo-electric screen.

The latest development, not yet included in a commercial product, is surface acoustic waves. Vibrations bouncing across the screen are inter-rupted when it is touched. By measuring the distance the waves had travelled on both axes, the computer can calculate where contact was made.

One of the largest applica-tions of touch-screen technol-ogy in the UK is in 262 National Westminster bank hranches, where it was installed for share dealings in privatised ntilities. As soon as a client gets a share allocation a caesic gees a spare amount of letter, he or she can go to the nearest participating branch to use the terminal to find out both the latest share price and the cost of selling the shares. If he decides to sell, he can carry out the transaction and have a cheque in payment printed out on the spot. The idea has proved so popular that the bank has extended the service

Touch-screen technology has other advantages. "One is that it is private," says Richard Hicks, managing director of Applied Interactive Technology (AFT), of Henley, which speci-alises in designing software for touch-screen applications.

We hear a lot about people wanting to deal with people not machines, but there is also a group of people who prefer to deal with machines rather than people, and touch-screen technology is perfect for that." One example he cites is motor insurance quotations, where people prefer to tell a machine rather than an salesperson about their past driving misde-

Another potential growth market for the touch-screen is in the retail sector, particu-larly for catalogue shopping, and for guiding visitors around exhibitions. In Japan and the US, avid users in shopping. malls consult touch-screen terminals to discover the where abouts of particular shops.



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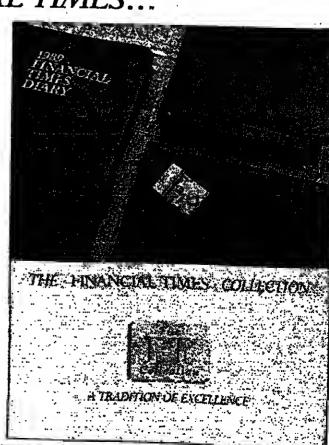


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Jim HALLEDE

Though Britain's refurbishment drive may falter if financial conditions lead to a slowdown of activity.

the renovation of housing and industrial stock is set to continue, while the life-span of buildings shortens, says **Paul Cheeseright, Property Correspondent** 

# New life in old buildings

its property stock. The times have been propitious. The strength of the commercial property market and the boom of the residential market have involved not only new building but the regeneration of the old. Statistically, this is an underdeveloped area. But some idea of the national fervour for refurbishment is visible in the fact that, as the Department of Environment reported, 35 per cent of the 115,000 planning decisions made by local anthorities in the 1986 first quarter were for householder

developments.
In the residential area the refurbishment movement has essentially been a drive for a higher standard of accommodation, reflecting higher standards of living and a growing amount of disposabl income to finance it. Plentiful funds - lending institutions begging old and new clients to borrow - have fuelled the

whole process. It is unlikely to continue at current rates. The latest market assessments all point to a slowing down of activity in at least the South-East residential market as the higher cost of money has the cooling effect that Mr Nigel

BRITAIN HAS been pouring Lawson, the Chancellor of the billions into the renovation of Exchequer, intended. Exchequer, intended.
In the commercial property
market, however, other more
complex factors have been at play. There has, to be sure, been the easily available finance as foreign banks have vied with the British clearing banks for a place in the market and as institutional activity has increased.

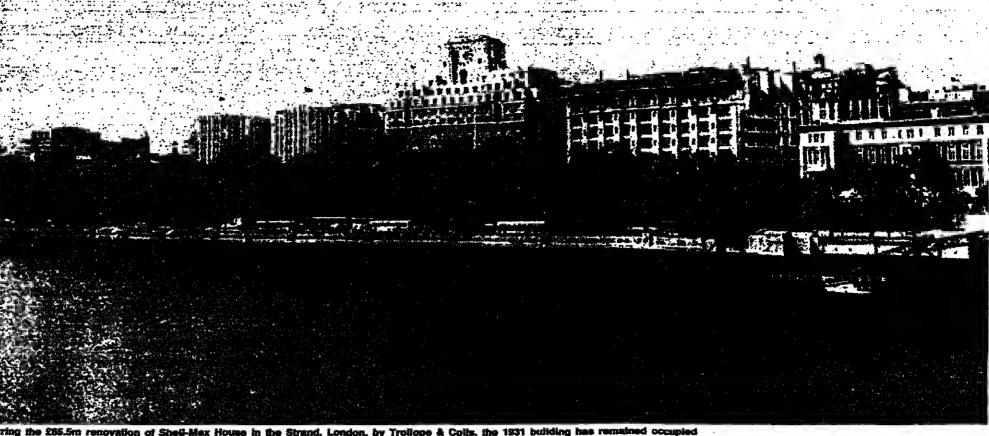
has increased.

But the growth of economic activity has set off a demand for premises which could not be filled solely by new building and the absorption by the market of the existing stock. Refurbishment has been

necessary to meet new needs. These new needs flow naturally out of the changing pat-terns of economic activity, most clearly marked by the shift towards the provision of services and the prevalence of information technology. This shift suggests that where facto-ries were once required for employment, now the greater

need is for offices.

Industry itself has been changing, making the use of the old smokestack factories redundant and creating a demand for clean premises. Yesterday's saturic mills are today's clutch of studios and workshops. So the renovation of old stock has not been sim-



ply a matter of cleaning up the buildings; it has been a matter of providing a home for wholly different types of economic

activity than that for which they were first intended. Here then is a complex of factors behind the refurbishment industry. The underlying factors will remain the same but, like the residen-tial market, the change in financial conditions since last summer could slow down activity for at least a few months. Activity though will not stop because the refurbishment of the property stock is a

continuing process.

Indeed, the inventory of property needing refurbishment is widening. Refurbishment is not simply a question of keeping in use historic buildings whose original pur-pose has been superseded. It is also a question of coping with the fact that the life-span of buildings has shortened.

A significant part of the refurhishment that has been occurring relates to the overhaul of buildings thrown up in the post-World War II building boom. This applies to all types of property from council flats in tower blocks and schools. through industrial estates to 1960s' office buildings. Many of these buildings have outlived their usefulness - the concrete may have started to crumble; the cladding may have loosened; the original specifications may have been too low to accommodate the more stringent demands of a society which needs more

electronic gear, they may be just plain dreary. Facing a situation where a building has lasted for 20 or 30 years but is unlikely to achieve the permanence that is associated, rightly or wrongly, with Victorian buildings, the landlord is faced with difficult choices. In many cases the preference will be to pull it down and start all over again hence the departure from the scene of rundown industrial estates or some major office huildings in the City of London.

The choice for the future will be dictated by financial considerations and the prevailing planning regime. In locations which are less than prime it is probably easier for a landlord to modernise rather than take the speculative risk of new building. And while local authorities are generally encouraging when it comes to modernisation, they can be less than enthusiastic if that modemisation involves a change of use that at first sight implies a loss of traditional jobs. But this planning factor is

diminishing in importance for business premises. The change in the Use Classes Order which has eroded the difference between office premises on the one hand and research and development and light industrial premises on the other gives landlords a new flexibility in their approach to

This is one of a number of measures taken by the government in recent years which has the effect of hastening the process of refurbishing the nation's properties. Many of the others relate to the battery of grants and tax concessions which have been used under the general policy of inner city

regeneration.
The effects of this policy can be seen in the way official funds have been used to make financially feasible projects in districts formerly disregarded by property developers. Grants have played a significant role, for example, in the revival of Little Germany in Bradford, ence of water. where their use on a buildingby-building basis has had a composite effect. The revival of the Albert Dock area in Liver-pool, where grand but decaying warehouses have been rehabilitated to provide leisure and speciality shopping facilities and residential accommoda-

Although the role of the government in helping refurbishment should not be underestimated, the greater part of the work has flown out of the pattern of economic growth. In this respect the property industry has been responding to demand - and the response can be seen across the main

property sectors. The consumer boom brought with it a general updating of shopping premises, helped by the fact that the traditional high street has been forced, in order to maintain its competitive position, to improve the facilities on offer to shoppers. The rain-drenched and windswept centres of the 1960s have been upgraded, with a greater stress on the provision of leisure facilities, often taking advantage of the pres-

Thus, there is hardly a town centre in Britain which has not had a refurbishment of its existing shopping facilities and an expansion as well. The risks for the developers appeared minimal as the retailers vied with each other for premises and rents moved sharply npwards. The rise in interest rates may curtail this process but the effect will have been to make town centres more agreeable places to shop. What has been happening in

the industrial sector has been rather different. Here it has been a matter of taking old facilities, like the Dean Clough Mill in Halifax, where 120 years of carpet-making has been replaced by small work-shops catering to the needs of small business. Specialist com-

small business. Specialist con-panies have emerged, prepared to take over what had appeared to be property white elephants and change their use. This would not have hap-pened without the emergence of a demand for small amounts

of space available on flexible

In the office sector, there has been a distinct process, although refurbishment has also been in response to rising demand. The main work here has been in the updating of premises, so that they can meet the contemporary needs of better air-conditioning, better lighting and a space for all the cabling which goes hand-in-hand with the spread of

information technology. The City of London has provided a clear example of this es developers have wrestled with the tight floor plates and the low floor-to-celling heights of 1960s buildings, or have stripped out the interiors of historic buildings to provide modern facilities behind historic facades.

In all these cases, however landlords have been seeking to add value to their properties. The movement of the market over the last three years suggests that they will have been amply rewarded. A slowdown in the market may be in the offing, but the likely returns look good for at least

# SPECIAL FEATURE

The low-cost answer to a high-rise problem.

There was so much wrong with the Woodchurch Estate in

STORY, WIRRAL Birkenhead that at one stage demolition seemed the only answer. Instead, Wirral Borough

Council embarked on a £2.4 million total refurbishment programme, starting with Flambards and Brackendale, the two 14storey blocks at the heart of the estate.

First priority was to rectify the serious damp problem in these dwellings and replace the expensive and inefficient underfloor hearing system.

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> > for the elderly.

The Civic Shield Scheme has

The cost of the entire project - which included landscaping gardens, adding potted plants to walkways and installing a 24 hour security system - proved not only more economical than the original demolition plan, but also

coming sheltered homes

In fact, so delighted were they with the refurbishment plan, and Manweb's help in particular, that Wirral Borough Council have already given eight more highrise blocks the same

vastly more worthwhile.

treatment. And more contracts from other authorities are also in the offing.

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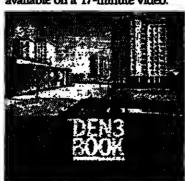
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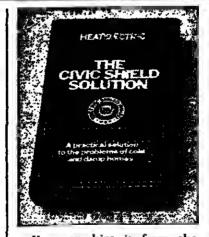
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Over-cladding has advantages over demolition

# **Modernist monsters** given a human face

ONE OF the more bizarre recent events in Britain's architectural and conservation history was a campaign which raged for a few weeks this summer. Its aim was to obtain the listing of Alexander Fleming House, the extraordinarily ugly and forbidding headquar-Health and Social Security at London's Elephant and Castle. Designed by the Hungarian emigre architect, Erno Goldfin-

ger, it was part of one of those inner-city orgies of the 1950s and 1960s which tore the heart out of Southwark and so many of Britain's other towns and

An unreconstructed Hampstead Stalinist, Goldfinger knew what was good for us and provided it in the shape of concrete tower blocks galore. Steeped in the false Messianism of Modernism, he liked to say that "to conceal a column

His latter-day champions insisted it was a "work of art" but over 1,000 DHSS employees say the building itself is a

The existing rule-book list-ing criteria include such abstract considerations as "his-torically interesting," "innovative" or "especially good examples of the work of prominent architects," but say little about user-friendliness or eocial

impact. Fortunately, on this occasion common sense prevailed: the listing request was rejected by Mrs Virginia Bottomley, the Environment Minister. A mini-campaign to obtain the listing of a nearby Goldfinger cinema was pre-empted by swift and conclusive bulldozer action by the owners, Imry international. The monster at the Elephant and Castle is to be re-clad in a manner which will conceal more than just its columns, to the relief of its

The architects who were caught up in this found all the fuss very difficult to understand. Manchester-based Fairhursts is a profoundly practical practice - for it Alexander Fleming House was merely another in a long line of obso-lete Modern Movement and other buildings in need of an overcoat to save it from perish-

As far as the firm is concerned. Modernist masterpieces are no more than "build-

ugly, with their exposed conuggy, with their exposed con-crete frames, steel windows, and spandrel panels which have weathered badly, where concrete deterioration has set in and surface-applied finishes have started to fall."

Such buildings invariably have very poor thermal and sound insulation and, in many cases, they also leak, through flat roof or failed expansion joints. However, Fairhursts has discovered, "the structures can provide a very solid base to clip on" a new facade. This creates a new identity, a new lease of life — and most importantly, a new commercial lease

Mr Kenneth Parker, the senior partner, explains that

The construction period is usually shorter and often far cheaper. Best of all, work can be carried out while the building remains fully, occupied

over-cladding has distinct advantages over demolition and newbuild, which these days often entails loss of plot ratio, height and car-parking spaces, especially in inner city areas where planning controls have stiffened over the past

in addition, planning con-sent is far easier to obtain the end-result can hardly help being an improvement - and the construction period is usually far ehorter and often far cheaper. Best of all, says Mr Parker, work can be carried out while the building remains fully occupied. For a property owner, this could mean two, three or more years with no loss of rent income. in Mr Parker's experience,

the structural frames of thes buildings are normally found to be constructed to accurate dimensions. Providing the concrete is sound, as well as capable of adaption and containing no high alumina cement (HAC), "then major external redesign is possible," he con-cludes.

If there are no perimeter upstand beams to the building perimeter, then the the floors can be extended on a very simple cantilevering principle to give increases in the net letta-

may also entail redesigning and constructing badly

designed vertical circulation

Storey heights can be a problem and, if too low, provision of mechanical services to the and the installation of suspended ceilings and raised floors could leave unacceptable floor-to-ceiling heights. However, even in such cases Fair-hursts has invariably been able to find an acceptable compromise and the main air condi-tioning service ductwork and pipework can be installed within the perimeter cantile-vered floor depth.

Fairhursts was chosen for Alexander Fleming by developers Imry who were familiar with its previous major re-cladding of what is now the Wang European HQ building near the M4 at Hounslow, which Fairhursts won in competition. Its solution was radical: the building was stripped to its structural frame and a new external envelope constructed in aluminium and glass and wrapped around it oo a cantilevered steel frame, bolted to the existing floor slabs. The floor perimeters were increased by between 300 and 750 mm.

The local authority, which had regarded the existing building as an eyesore, granted enthusiastic planning approval within three weeks of the application being made. Work began a month later and was completed in 16 months, including four spent on fitting out for the tenant.

Fairhursts' current re-cladding contracts include St Mary's, a large maternity hos-pital in Manchester, where a new glass and aluminium envelope is being added to form a thermal weatherproof skin and protect the concrete structure which is carbonising. The advantage of uninterrupted occupation during the contract is especially impor-tant here.

Trading at Marks and Spencer's Edgware Road store will likewise not be disrupted while the building is re-clad. In this case, apart from other benefits, the owners are aware that Westminster Council would never allow the number of carparking spaces on a new devel-opment that they are retaining with the refurbishment.

IRONICALLY, the legal machinery that encourages the preservation of the old buildings so admired by Prince Charles is now being used to protect the modern architecture he loathes so much.

In April 1987 the Department of the Environment (DoE) announced a new "rolling 30-year rule" for listing post-war buildings as being of special architectural or historic interest. Already, several pre-1939 structures had been given this

It is less well-known that buildings only 10 years old of "ontstanding" merit can be spot-listed when threatened by demolition or unsympathetic

Under separate legislation, some Second World War defensive structures — including a Dad's Army bolt-hole under Pevensey Marshes — have been "scheduled" as ancient monuments. in theory, at least, the partly flooded concrete lined Pevensey bunker, with rotting softwood bed frames and shelves, has the same sta-tus as Stonehenge. us as stonenenge.

The first building to be listed

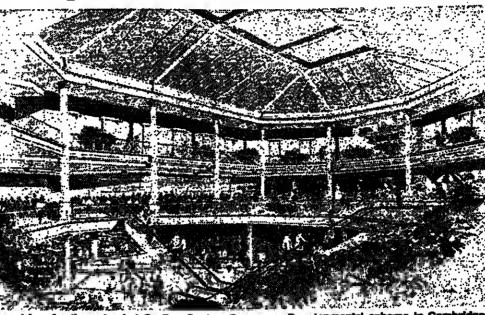
under the 30-year rule was Bracken House, from which the Financial Times is due to move next Easter. Constructed by Sir Albert Richardson between 1956 and 1959, the offices were listed soon after their acquisition by the Japanese developers, Ohbayashi

In March 1988 Lord Caithness, the Environment Minister, announced that 18 modern buildings – selected from 70 recommended by English Heriage as representing "some of the best examples of post-war architecture" - were to be listed. Coventry Cathedral and the Royal Festival Hall were given grade I status (of national importance), Stockwell Bus Garage and the TUC memorial building grade II (meriting special consideration for exterior and interior fea-tures); and I Dean Trench Street, Westminster, housing the Sons of the Clergy Corpora-tion, a few hundred yards lamentable headquarters build-ing in Marsham Street, was among 13 buildings afforded grade II. Every year other buildings will be added to this

Since then, Sir Bernard Lov-ell's radio telescope at Jodrell Bank has been listed grade I and the Economist buildings in Westminster's St James's, designed by husband and wife architects Peter and Alison Smithson in 1964, is now grade III because it was "threatened" by alterations, The Smithsons, who were ploneers of the so-called "New Brutalism," won the competition for the austere Hunstanton School, of

Conservation and listed building rules

# Risk of preserving poor structures



wires exposed to view, built in Norfolk between 1949 and 1954. buildings started in July under the direction of architects Skidmore Owings and Merrill responsible for One Shell Plaza in Houston (1971), which pioneered the use of reinforced concrete in large office towers, and the Sears Tower in Chicago, the world's tallest building, recently placed on the market for \$1.8bn. According to Bovis, the contractor working at the Economist buildings, the

Inexpensive materials and experimental techniques used in post-war buildings "might give rise to maintenance

problems" intention is to "expand the lettable space" and instal new ser-vices and raised floors. Now that buildings no longer have to be old (nor receive pub-lic affection) before they have

the protection of listed build-

ing consent procedures, the spectre is raised of having to

fer from inherent problems and

p up structures which suf-

proved to be unreliable or even dangerous.

The English Heritage "Conservation Bulletin" of February 1988 acknowledged that inexpensive materials and experimental techniques used in

post-war buildings might give rise to maintenance problems but stated that "there will be some buildings which are so important in the context of their period that they must neverthelese be pressrved despite the expense of doing Mr Bill Black, a consultant

to chartered surveyors Drivers Jonas, was formerly district minster and remembers some of the late 1950s buildings going up. Since then, he has been responsible for the repair of many commercial buildings of the same vintage. He explains that 30 years ago

there was a boom in specula-tive commercial building. The techniques developed for build-ing at speed – using thin skin claddings "like stone wallpaper," for example - had not been tried before. The buildings went up too quickly: the quality of the concrete used on the face of it a simple mixture of water, cement and gravel - was poor. in order to cut drying times chloride accelerators were used which later

strength) embedded in the con-crete beams, columns, cladding nels and precast floor units. Often concrete was com-pacted insufficiently, leaving a honeycomb of fissures which caused similar breakdown.

Building designers failed to ppreciate the need to allow for reciprocal movements between the buildings' frames and the outside cladding. Fixings were often inadequate in strength and flexibility and joints between cladding panels

Modern pigments give picture restorers the same kind of horrors that plastics, mastics and cement additives give building conservators

too narrow and infrequent and filled with the wrong materi-

problems were These revealed only when lumps started to fall off the new buildings: in 1968 a young woman was killed by a piece of falling cladding in Holborn. Four years later a piece of Dartmoor granite fell from

If the buildings affected have sufficiently high values, one of the best solutions is to tear of the old cladding and replace it

with lightweight materials like stainless steel or glass. But if precedents are fol-lowed, modern listed buildings will have to be restored anthentically as conservation-ists frown on modern substi-tute materials, even when they look much like the original.

Mr Peter White of English Heritage points out that post-1939 buildings selected for listor international importance, either of very high architectural quality reflecting innovation in technology, planning or style or associated with excepional persons or events.

Listing is meant to "trigger the awareness" that a building ought to be properly recorded, at least, or parts salvaged. List-ing does not always imply preservation in size, but the law requires that it be recorded and access given to certain interest groups before demoli-tion. "English Heritage does not have a head in the sand attitude," Mr White says.

There is already considerable experience of preserving concrete buildings up to a century old. In many ways the techniques are similar to those required to repair timber frame tructures like barns.

The Society for the Protection of Ancient Buildings (SPAB), founded by William Morris in 1877, is the world's oldest huilding preservation pressure group. Morris hated the architects of his day (call-ing them "thoughtless hacks") and called for a return to the craftsmanship demonstrated by Britain's medieval predecessors. Mr Philip Verning, the Secretary of SPAB, says that while the society has not addressed the listing of modern buildings specifically, it never-theless welcomes the idea of extending the statutory list to include good architecture of

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Like paintings by Old Masters, ancient buildings are made of materials which have been established by trial and error over the centuries, are well-understood and easy to work. Modern pigments give the same kind of horrors for picture restorers as plastics, mastics and cement additives give to building conservators. Conservation has always been a difficult business. Yet one day one of Britain's early nuclear power stations may be listed. But preserving it would hardly give greater problems than looking after a great-

medieval cathedral

HISTORIC BUILDINGS

# The inside story of conversions

industries in Britain declined, old factories and warehouses were left high and dry: too tall to cope with modern linear, manufacturing processes, out of date and stranded in newly impoverished locations.

Rugged but not conventionally handsome, many indus-trial huildings have been listed as being of architectural or historic interest because they illustrate pioneering huilding techniques inspired by the revolutionary skeleton structure of John Lombe's Silk Mill in Derby, or mark the spot of defunct industries which were the raison d'être of many of our towns - the shoe and knitwear trade in Leices

ter for example, and Shef-field's knives and scissors. Although many of the dock-side buildings were thrown up in a hurry (in London's Docklands in particular) as a result of the Customs Consolidation Act of 1853 (which allowed the use of warehouses as bonded stores) and the quaysides, often made of canal dredgings, often made of canal dredgings, collapsed under the weight, most are strong and show remarkable stamina against the ravages of rot and neglect. Many take on the character of

the exotic goods stored -spices, furs, tobacco and silk and have strong interna-But what to do with them

all? One off nightclubs or film sets hardly qualify as bona fide revenne sources. Some, like Docklands' New Concor-dia Wharf, have been developed into flats very profitably in spite of expensive fire pre-

Built to store tobacco. wine and brandy, it was successfully made into small shops

Similar projects nearby are outselling new developments by up to 15 per cent, according to local agents: some of the modern warehouse-style blocks are beyond shouting distance of an ideal location and lack the subtle, but not merely imagined, character of the older structures and the sheer space provided.

The Skin Floor in Docklands, built between 1811 and

1814 by D.A. Alexander and John Rennie, and a five-bay

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ite and cast-iron columns under continuous rooflights, originally built to store tobacco, wine and brandy, was successfully made into small specialist shops after being

bandoned for 17 years. In Leicester "informal" tenants have set up workshops in some old warehouses simply by running in water and elec-tricity and splashing white-wash on the walls. True office conversions

rarely work (except in the best locations) because the net lettable area is usually burdened by relatively large amounts of dead space of corridors and landings. Studios can be feasible, but need to be anchored by a well-known activity or contrived by the formation of "heritage" or "art" centres like the Ouseburn warehouse workshops at Newcastle-upon-Tyne. The £3.5m Wigan Pier Heritage Centre featuring "the way we were" tableau is housed in old warehouses.

But these are not the stuff of conventional property develop-ment both schemes relied upon grants from several agencies, ranging from the English Tourist Board and the **European Community Social** Fund to the National Coal Board at Wigen and most of the Ouseburn refurbishment was carried out by the work-

shop tenants. Valuation of the derelict buildings is a nightmare: there are few comparable rents upon which to base revenue forecasts; and when parts of the buildings are let cheaply, albeit informally, the artifi-cially high value imposed may push the acquisition costs beyond viability and rule out the full-scale renovation and repair needed for long-term

"Red-lining" of some areas by building societies, and the uncertainty of restricted grant aid do not inspire developers'

On the other hand, as architect Rod Hackney told a group of RICS building surveyors in April 1987, it is often possible to buy a large old building for less than the sulveyor where the less than the salvage value of materials: rock-bottom collateral for adventurous entrepreneurs.

US CASE STUDY

# A downtown revival

IN THE US, people are not too sentimental about old warethey are no longer needed, tear them down. Against this, "historic" designation releases tax benefits (compared with the UK incentive of hard-to-get grants from limited funds) which can turn rehabilitation into profit.

Recently, a new use has also been found for inner city ndustrial districts: the festival market, conceived in the early 1970s by James Rouse, a hous-ing official turned developer, and famous for building the new community of Columbia,

Maryland.

Based on small shops, restaurants and market stalls, the festival market brings life and a place to gossip to dreary downtown districts. In Mr Rouss's words it attracts rich and poor, black

and white, adults and children to (a) democratic place." His first project - Faneuil Hall marketplace in downtown Bosmarketplace in downtown Bos-ton (often compared with Lon-don's Covent Garden) — was an instant success, attracting 10m people in its first year — more than Disneyland. Others followed, but with limited suc-cess, in some smaller cities the markets are struggling in spite of more than \$100m of federal aid. A constant influx of visitors is needed, plus, for the locals, quality shopping to lure them from the suburban mails.

The latest successful scheme is in the west end of Dallas. where a 55-acre warehouse dis-trict close to downtown has been transformed by a group of businessmen, most of whom were born in Europe.

The best-known feature of the district is the Texas Schoolbook Depository from which (according to the official ver-sion) President Kennedy was shot. Twenty-five years on, the Depository is being restored to re-open next month after being threatened with demolition (with hricks being sold as memorials") and use as council offices.

Centred around largely redundant railroad tracks, the west end was derelict and dangerous when granted status as an "historic district" in 1975. The only draw was the Old Spaghetti Warehouse restau-rant opened in 1972, a brave venture at the time,

It was not until 1982 that Patrick Deprez, a French cot-ton dealer, took over an old brewery for offices, shops, restaurants and, later a nightclub. brick walls and pine floors that the real revival began. Although speculating wildly, Mr Deprez banked on the proximity of the downtown office towers and the fact that he

could buy the brewery for less than building a new shell. Mr Deprez then bought the three adjoining Home Furni-ture buildings, hoping to make apartments, but conversion dif-ficulties — the windows were in the wrong places and could not be moved - encouraged him to sell them.

The new owner's architects joined the three buildings with an atrium and erected Dallas
Alley – a complex of six nightclubs joined by a neon-draped
canopy alongside shops, bars
and offices with balcony access. Mr Deprez followed suit and made three adjacent ware-houses into MarketRoss Place.

The Landmark Center fol-lowed, then the old city jail turned into offices by a group of local lawyers.

Most of the offices are letting well: architects, accountants and PR types find the bare

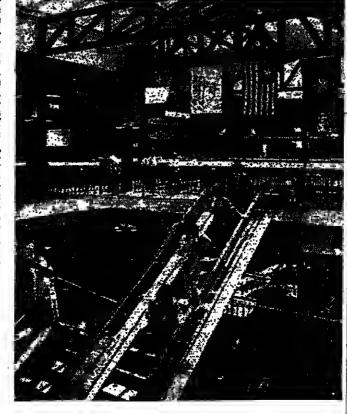
attractive and cheap - \$10-\$12 per sq ft. Above all, the suites have their own front doors.

Downtown office workers, families, football fans, tourists and college students enjoy the many rooftop bars (most with live bands) the fast food and trinket shops, most featuring Texas specialities, valet park-ing, private security guards (leading to a dramatically diminishing crime rate), wagon rides and street improvements.

Every now and again street concerts – the group Midnight Oil recently drew 20,000 people inject opportunities for informal street vending.

An August meeting of the local business community discussed a proposed "heritage walk" - little more than red lines on the sidewalks and a free leaflet - cleverly arranged to direct visitors to members' premises. An old railway spur 420 ft long and 17 ft wide may soon be made into "the world's

Richard Catt



PUBLIC SECTOR PROPERTY

# A face-lift for police blocks

THE TRANSFORMATION of successful private developments is no longer a new idea, ments is no longer a new idea, although it is useful to remember that, as a trend, it is less than 10 years old. One of the first in the UK, and certainly the more successful of the companies which took up the public sector challenge in this way was Regallan, with an impressive string of converimpressive string of conversions all over the country.

Having taken on local authority housing in London's suburbs and found ready-markets for the refurbished and improved homes, it is not sur-prising that Regalian then began to take an interest in another type of public sector property with added-value; the Metropolitan Police married quarters - large and basically sound buildings, many of architectural interest which would make the average coun-

would make the average council block blush — and located in the very heart of London.

So far, Regalian has converted three such blocks: Macready House, Gladstone Court and most recently, the

jewel - Crown Lodge.

Mr Roland King, Regalian's development director, explains the attraction: "Most property sold vacant by local authorities tends to be under-maintained and often vandalised, if not completely develop." not completely derelict. The police blocks, on the other hand, were all occupied until quite recently and well-main. tained. Moreover, they are all in desirable residential areas, unlike local authority blocks which are often in areas of deprivation requiring general urban regeneration.

"This more than makes up for the fact that the police blocks tend to be old, with lay-outs and standards dating back to the 1920s, and fairly bland and anonymous. It is our challenge to transform them into up to date, desirable

Macready House, in Craw-ford Street in the West End was designed for the Met in 1926 with 72 flats on six storeys. Entrances were from an internal courtyard, accessible from archway entrances. The flats were vacated by the Met and offered for sale in 1986. By then, the ground

floor accommodation had been bricked up for security and the courtyard, formerly laid out for children's play and amenity, had been levelled for use

as police parking.
Gladstone Court dates from the same period. Wray House (now Crown Lodge) was built in 1937 to accommodate 114 policemen and their families. The original elte cost was \$40,000 and the original building contract was £88.814.
With all the blocks, the basic problem was the kitchen and bathroom spaces, utterly unacceptable to 1988 buyers,

"It is our challenge to convert blocks with lay-outs and

standards of the 1920s into up-to-date. desirable homes"

combined with a heavy traditional building style which made it awkward to move or remove walls. Subsequently, the party walls have been largely retained, with the spaces between reworked to provide better accommodation. This consists of modern kitchens and two bathrooms,

including one en-suite.

Obviously, such major changes require totally new services and creates all the problems of a major refurbish-ment in the confined areas of the blocks which nestle among other buildings. In Crown Lodge, in particular, the provision of a two-level underground car park, with a private leisure and sports centre,

including a swimming pool, was a major challenge. None of the original blocks met modern building requirements and regulations, and all needed additional stairs and lifts. The solution adopted was to make at least some of these necessities into advantages: at Crown House, the new glassenclosed stairs are a decarative feature of the develop-ment. Other new attractions include gardens created on the

car park roof. Mira Bar-Hillel Britain's inner city industrial sites are shaking off years of neglect

# Logic of a white elephant hunter

DEMAND FOR inner city industrial sites in Britain has many relics, long given up for dead, are beginning to pay their way. A battery of new grants, changes in the planning rules and a despensive shortage of space for burgeoning small companies have revived interest in restoring these factories and

however, the threat of over-supply is looming in some areas, as the wrong types of sites and buildings are priced

Local and central govern Local and central govern-ment are playing a major role in reviving inner city sites but they rely heavily on private money drawn by the scent of new profits. Many developers are not driven merely by money, however. The fashion for conservation is not an exclusive reserve for playment and royalty.

"I could probably make more money putting up nice new buildings rather than fighting to preserve old ones," says Mr Colin Seriin. "But it would be

so boring."
Mr Serlin hunts "white ele phants" — an apt pastime for a developer who took a hike around India when the 1970s crash pulled the rng from his property business. He retains that sort of 1960s unconventionality with London Buildings of the control of the co ings, the company he founded in 1979 to tap the urban regen-eration boom, and has come to fringes of central London which frighten others off.

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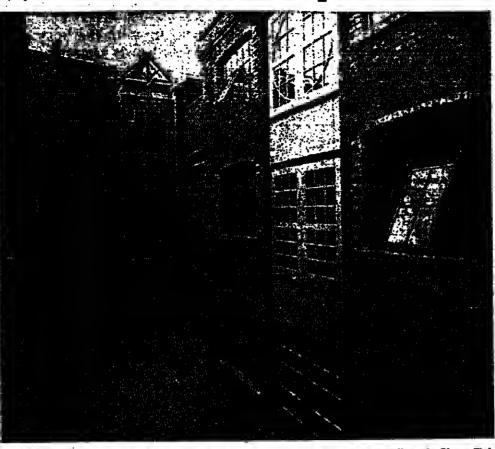
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Perseverance Works in Shoreditch was one of Mr Serlin's white elephants, and his experience turning it into a new business community illustrates why other developers tend to ignore such pale pachyderms. It was an unremerkable group of 21 abandoned industrial buildings in a depressed and depressing part of the East End. Planners would have been happy to see it bulldozed, but Mr Serlin likes this sort of industrial architector

Perseverance Works lived up to its name, as it required a year of hard talking to overcome demands that it was redeveloped only for light industrial uses. He compro-



Printing House Yard, part of Perseverance Works developed by London Buildings in Shorediich

mised by providing industrial space on the ground floor and studios upstairs. Conversion was not technically difficult; he took out buildings from the centre to create courtyards and cleaned up the remaining ones to provide 100,000 sq ft of bare shells. They sold quickly to fashion photographers, print-ers and other small service companies, drawn from their haunts in the West End by freehold prices of about £30 to 240 a sq ft.

"They are worth five to six times that now, but I wanted to sell quickly because of the uncertainty of the value of the mildings in an unknown mar-

ket," he says. problems; technical problems can be easier to overcome than the pelitics of planning. Many local authorities are enthusias-tic about rejuvenation of inner

city buildings, often doing the job themselves when developers shy away. But they can become obsessed with the notion that industrial space



must be kept for industrial

workers. That is what keeps white elephants alive, says Mr Serlin. Even a conservation enthusiast cannot make manufacturers pay rents necessary to meet the costs of refurbishing. New planning rules brought

in since he started Persever-ance Works in 1986 should have breached this barrier. Permission is no longer required for a new planning class called B1 space — a broad use covering industry and offices. So the second phase will be solely devoted to small office units selling at prices from £175 a sq ft.

But planners have not let a little thing like a change in the law to hinder other schemes. Mr Serlin's latest grand plan is to transform 100,000 sq ft of derelict warehousing around Battlebridge Basin at King's

light industrial use - even though there is no way he can be forced along this road any

"It's all a bit crazy," he says. But perhaps no more crazy than some councillors believe his plans are for a two-storey glazed office "bridge" across the mouth of the basin, which he may yet have to take to a public inquiry.

The office bridge appears, at first sight, to be a typical piece of flamboyance from a busimessman playing successfully with his hobby. He made a similar gesture on 21 houses he created from former industrial mews at Mariborough Yard, off the Holloway Road, putting gardens on the flat roofs and resurfacing the road with Dick-ensian cobbles.

Mr Serlin cultivates the image, implying that he decided not to float London Buildings on the stock market this year because he did not have a suit to wear at interminable meetings with financiers.

business logic behind such ges-tures. Gardens and Victorian atmosphere are a good selling point in a tough central Lon-don housing market. Meanwhile, commercial sites such as Battlebridge Basin may be coming up in the world, but they can still benefit from something extra to pick them out of the crowd.

Mr Serlin fears this crowd is becoming big and restless, however — tenants will be drawn to architectural character, much in the way I am attracted," he says. But a lot of relatively modern "tat" bought for high prices since the planning rules were changed, will fall by the wayside or perform badly. The shadow of over-supply hangs heavily on a market which only a few years ago was practically ignored.

He regularly rejects offers of 50,000 aq ft buildings in what have become accepted locations, preferring to find white elephants of more distinction in the more remote hunting grounds which he believes will be next to take off.

# House of Fraser has updated its Kensington store, while letting off surplus space



# The atrium solution

BARKERS of Kensington is one of those big department stores which once dominated the high streets of every large town. New shopping patterns have left many of these empty and redundant, a problem for planners and owners: their they cannot be cleared away, so they have become a chal-lenge for refurbishment spe-cialists, writes David Lawson.

The House of Fraser has spent £40m punching a hole through the centre of the Art Deco building to create one of the largest striums in Europe, enabling the upper floors to be turned into 185,000 sq ft of offices behind the listed facade while retaining a compact store and shopping mail at

store and shopping mail at street level.
Shifting a vast amount of waste material through the surrounding congested resi-dential squares was probably the higgest logistical problem, according to Mr Alan Massey of Project Management Inter-national, which oversaw the scheme for HoF. Shopping space also had to be shifted around the site while building

work went on, as planners insisted that the store could not close during alterations.

The 12,000 sq ft atrium was essential to create an identity for the building and attract a major tenant, says Mr Peter Thompson of architects Fitzroy Robinson, although allowance was made to split into sections for multi-letting. This paid off when Associated Newspapers pre-leased all the space. Ironically, some of the atrium is likely to be refilled as demand for office space increases. Extra room has already been provided for pro-duction of the Evening Stan-dard by building out into the central area.

Apart from this built-in flex-ibility, the old building has proved better suited than a modern one for accommodatmodern one for accommodating the electronic equipment necessary for today's newspaper industry. The old store had left floor-to-ceiling heights, giving more than adequate space for deep raised floors and saspended ceilings to take the network of cables and sirconditioning services. conditioning services.

Shake-up planned for home improvement grants

for repair and maintanance of housing is rather like painting the Forth Bridge: as fast as effort goes into upgrading, the earlier work ages and crumbles. Thus, every time the authorities boast that they have put more resources into regeneration and refurbishment, someone comes along with figures to show that the

with figures to state that it not situation is just as bad, if not worse than before.

Housing repairs and maintenance spending in Britain have been rising in real teams for five years, reaching 55.2tm last year at constant 1980 prices. This trend should continue at a slightly lower rate to almost 280m by 1990, says the National Council of Building Material

Producers (BMP).
Overall, inner city spending is also expending. Mr Nicholas Ridley, the Environment Secretary, announced after the Autumn Statement that £1.7bn was available over the next was available over the next three years. Some £200m will go towards Housing Action Trusts to renovate former council estates and a similar figure will be used for uprating the property in the hands of local authorities.

The number of homes improved by local authorities has grown steadily, increasing by almost 150 per cent to 143,000 in the five years to 1987,

145,000 m the new years to iso?, says the Royal Institution of Chartered Surveyors (RKS).

But while the speed of "painting the bridge" improves, rust and decline seem to be dangerously evident. nearby. A large proportion of the £2bn spent by local authorities on maintenance is being taken up by patch-and-mend crisis management, according to a recent study of public sec-tor housing by Mr Harry Cowle for the BMP.

Planned maintenance would slow the slide to a level where slow the since to a level where complete refurbishment or even clearance will be required in future. Already, there is a backlog of £22bn worth of repairs in England alone, rep-resenting a £220 annual outlay per dwelling.

A rolling programme of surveys would fill the huge gaps in local authorities' knowledge of the defects in their housing and cost a mere £19 per house compared with the £85 per dwelling estimated by the

Audit Commission that could be saved by eliminating job-bing repairs.

Private money should play a large role, says the BMP report, through sales to develreport, through sales to developers for refurbishment. Developers such as Barratt and
Regalian are already heavily
involved in tower block renovation — more because local
authorities are being starved of
money, rather than any ideological conversion.
Problem estates will be tack-

Problem estates will be tack-led through Housing Action led through Housing Action Trusts once the Housing Bill finishes its delayed run through Parliament, but there must be doubts of their impact after criticisms of prototypes on Merseyside which have seen buyers locked into homes depreciating to value.

depreciating in value.

Private housing could be in an even worse state — a fact easily overlooked when prices and new building rates are booming. A quarter of England's 20m privately-owned homes are "unfit" or lack ame-nities, but the potential busi-ness is locked away because occupiers often cannot afford 500,000 are pensioners, while two-thirds of those in the worst homes would have to horrow at least three times their annual income to pay for repairs, says the London Hous-ing Aid Centre (SHAC).

Improvement grants, which lever private resources into refurbishing these homes, have been kicked around like a political football. Five years ago, they were much in favour with the government. The value of projects soared to £900m as it raised the proportion of repairs and improve-



# Patch and mend crisis management

ments bills eligible for aid from But this did no more than 75 per cent to 90 per cent.
This sid helped to boost total spending on home improve-

ments to almost £8bn. But ments to almost £8bn. But grants quickly fell from favour as the Treesury railed at blanket hand-outs which often went to well-off house-buyers colonising inner city areas.

By last year, the number of grants to the private sector had helved to just over 119,000. Owners applying today would have to wait until 1990 for a grant in many areas because

grant in many areas because local authorities are

By this time, however, the whole system will have been shaken up. Grants will depend on the age of a dwelling, rather than its rateable value. They will be aimed at a basic standard of fitness and limited to owners who cannot afford to pay for the work. But details have yet to be defined, which leaves a patina of uncertainty over promises of a more efficient and fairer system. The government has tried to

soothe its critics by pointing to the amount flowing into regen-eration through the inner city programme. It also raised limits on eligible spending by pub-lic bodies in action areas and its "enveloping" schemes by between 15 and 30 per cent.

allow for rises in building costs and the new VAT charge. It also followed a ban on tax relief for home improvement loans in the Budget after complaints that £100m worth a

year were being diverted into consumer spending. The National Home Improve-ment Council was not amused. pointing out that the VAT and Budget changes had stripped more than £850m a year from incentives, compared with the £450m a year going into grants.

seem likely to follow the same patch-and-mend formula as local authorities, which in turn tends to feed refurbishing "cowboys" and the black econ omy. This development will keep material suppliers happy

with rising forecasts, but depress legitimate builders. Their biggest ray of hope is the government's continuing passion for inner city spending and the builting providers. and the built-in growth factor of rising incomes and home ownership. The more successful the right-to-buy programme becomes, the more work is likely to come to legitimate building companies, since owners are more willing than ten-ants to pay for refurbishing.

**David Lawson** 

### From one store: a mvriad

WHITKLEY'S, once one of the whirkLEY's, once one of the world's great department stores, is set to re-open in Queensway, Bayswater, Lon-don, on Wednesday, May 10, as a 100-shop centre, ranging from large stores to small klocks. It will include a food hall of about 35,000 sq ft let to

Marks and Spencer and an eight-screen cinema which, it is hoped, will attract more than im enstoners a year.

Many of the store's original features have been retained and restored, including the Scala staircase and the glass demest.

### CASE STUDY: MILLBANK

# Swedish revolutionaries

construction methods used in the 1960s and 1970s tend to make them much more careful nowadays. Few will tak something really new in case it goes wrong or is rejected by even more conservative investors.

Outsiders are less patient with this blanket of caution. It helps, of course, if it is your own money you are risking. own money you are risking. Anders Nisses, one of Sweden's higgest private developers, is convinced that it has found a new way of bringing far higher standards of comfort and flexibility to old office buildings, and is willing to put its money

where its mouth is.

Developers played pass the parcel for a couple of years with the 200,000 sq ft Crown Agents' headquarters on Millbank, near the Houses of Parliament, before Anders Nisses took it on. A £20m refurbishment plan now aims to restore the original glary with the help of a revolutionary method of fitting all air-conditioning and

REVOLUTIONARY IDEAS are

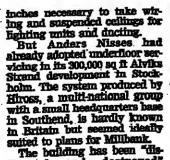
builders and developers, Recur-

rent nightmares over untested construction methods used in

oming hard to find among

cable runs under the floors.

One of the higgest problems in old office buildings is accommodating the wiring and ventiindustring the wiring and ventri-lation necessary for businesses which now tend to have a VDU on every desk. Refurbishing usually involves a commomise of false floors raised the few



in Southend, is seemed ideally suited to plans for Millbank.
The building has been "disfigured and destroyed" through extensive reconstruction since it was built in 1916. leaving only three or four well-preserved rooms, says Mr C-G (Sigy) Petterson, Anders

Misses director.

He has little respect for the British approach of tearing out interiors and merely retaining historic facades, preferring to reconstruct as closely as possible to the original style. With all services under the floor, the developers will be free to reconstruct the ceillings to their Edwardian splendour.

their Edwardian splendour. But Mr Petterson is not so entranced with history to compromise on comfort and efficiency. In fact, he claims that



C-G Petterson, Anders Nisses director

the Hiross system is an improvement on conventional techniques in the most modern huildings. Tests at Alviks Strand showed the underfloor air-conditioning produced cleaner air more efficiently to individual work stations.

Perhaps just as important, the Hiross system allows almost infinitely flexible division of floor areas - another demand from tenants who never know from one week to the next how their offices will be arranged. Air moves through floor grills which can be shifted overnight because



a raised frame.

Partitions can be altered

around easily because they are spring loaded above and below. Uplighting means there are no

integral wires or units in the

ceiling to limit where they can

of removable squares sitting on

go. Positioning is restricted mainly by the window bays. Mr Glan Blake-Thomas of Hiross says the technique evolved from the company's long experience of producing cooling systems for computer rooms. This was extended into its other business of suspended flooring to produce an integrated low-volume air handling

floor space.

A bonus of Incas is that it requires no ducting, helping to make up for the 2 sq metres of lettable floorspace taken up by each air-cooler. One of these will service 100 sq metres of floor area through secondary units, looking much like storage heaters, which draw air from under the floor. This returns through floor grills to

The two air flows are kept separate by baffles, which can be cut and moved if necessary. Bach subsidiary unit has indi-vidual controls, so every desk could literally have its own temperature setting. Hirose is now working on eliminating the secondary units by putting controls into the floor grills.

Varying degrees of suspicion about the possibilities of this sort of system for refurbishing have been aired by building surveyors and architects. Partial renovation, for instance, might be a problem because of the ramps necessary from such high raised floors. SIII heights may also be a limiting factor. The Civil Aviation Authority is trying out a floor of Incas, however, in its head-quarters refurbishment at Kingsway in central London.

But a good deal of suspicion seems to arise because many building professionals have never heard of the system, and want to suspend judgement until they see it for them-

Mr Petterson has already made up his mind, however, after noting a substantial improvement in air quality and reduction in building costs of £20 to £30 a sq metre at Alviks Strand. Tenants have also swarmed in because of the flexibility he can offer in lay-outs.

At Millbank that may make up for another revolutionary idea – keeping the surround-ing garden to allow sunlight into the building.

"Our English consultants

just shake their heads," he says. "The English practice is to build on every millimetre." Milibank will be a much-visited testbed over the coming months as Anders Nisses sets out to prove that it can teach the British a thing or two about creating efficient modern buildings out of historic

David Lawson

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f you are a senior execu-tive with international marketing experience and good leadership qualities, the next time the phone rines it could be a headhunter asking you to consider taking over as chairman of Wellcome, the big UK pharmaceuticals com-

The search for the top executive at Wellcome - to replace 63-year-old Sir Alfred Shepperd, who retires in April 1990

is likely to stretch far wider
than that for many similar jobs

in the past. Welicome, which is best known for its large selling Retrovir anti-Aids formulation, saying nothing about the kind of person it is looking for. The company is, however, almost certain to select some-one from outside its own ranks

one from outside its own ranks and possibly from outside Britain too.

As for salary, that is open-ended. Many industrial observers believe the man eventually chosen — it is highly unlikely that it will be a woman — will command a remuneration at least double the £293,000 a year which is Sir

Alfred's last quoted pay figure. The manoeuvrings related to Wellcome illustrate the way that established patterns in selecting top executives, at least in internationally based industries like chemicals and pharmaceuticals, are beginning to break down. Driven by the pressures of

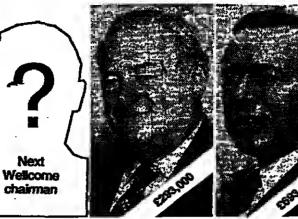
the global market place, the big companies in these fields are increasingly turning to people with a broad commer-cial background who have worked in a variety of countries. These qualities seem entirely right today but even a decade ago might have appeared to lack the kind of grasp of detail companies wanted in their top managers.

A case in point is Bayer, the
big West German chemicals company, which a few years ago raised a stir by appointing as chairman Hermann Strenger, a globe-trotting Bayer marketing man with no formal technical qualifications. This was the first time any of the big three German chemicals groups - the other two are BASF and Hoechst - had given its top position to a non-

Strenger is trying to impose his mould-breaking etyle on Bayer. He has made it a rule that no one will become a senior Bayer manager without having lived outside Germany for at least three years and having had at least two jobs in different parts of the company. Schering, the German drugs







# Why the Wellcome mat will cost more

Peter Marsh believes the salary of the UK pharmaceuticals group's new chairman will have to reflect international levels

company, followed a similar approach by appointing Gui-seppe Vita, an Italian, as its new chairman, ignoring the ranks of German managers waiting in the wings. Beecham of the UK, another drugs group, turned to another nonobvious candidate - Bob Banman, a US serospace executive with a background in con-sumer product marketing when it last chose a new top

Bauman's appointment highlighted another trend which is affecting mostly UK compa-nies: a gradual narrowing of the international differentials in salaries.

While many UK executives are still poorly paid - even in real value terms - in relation to their counterparts in Germany, Switzerland and the US the differences have decreased somewhat in recent years. This is exemplified hy Bauman's £693,000 salary, which is far above the normal going rate for a comparable UK chairman

for a comparable UK chairman and chief executive.

Behind the moves towards a more international approach to hiring top managers is that, increasingly, domestic markets are accounting for only a relatively small proportion of the output of companies in essentially global businesses like chemicals and drugs. This is particularly the case in Europe, where home sales for companies of this kind may be as little as 20 per cent of turnas little as 20 per cent of turn-

At the same time, markets are fragmenting. While in the 1970s a chemicals or drugs company might have sold a particular material or medication to a broad consumer or industrial sector, today the comparable product is likely to be specially tailored to the needs of only a narrow range

It makes sense, as a result, for a company to appoint as chief executive someone with broad international experience and who has a grasp both of his company'e key technolo-gies and also of marketing skills.

These trends are increasingly obvious, saye Simon Clay, a leading headhunter, in ecience-based lndnstries, including drugs and chemicals and also electronics and com-puters, "Companies in these areas are generally in high-growth fields which are international in scope," says Clay, who is a UK-based vice-presi-dent of Korn/Ferry International, the large executive

search consultancy.
The moves towards an international market place for senior executives have impor-tant consequences for salaries for people in British industry.

Typically, a top executive in a

UK chemicals or drug company
earns half to two-thirds the pay given to a comparable person in a US. Swiss or German Although the differences in salary levels have narrowed somewhat in recent years — partly as a result of the international pressures and of a generally more competitive climate in UK industry — British managers appear if anything to be becoming more sensitive about the issue. "Five years ago a British chairman might

tary earning more than he; today it wouldn't be a laughing matter," says Tony Vernon Harcourt, of the Monks Partnership, a UK recruitment con-. The pay differentials can cause special problems - for example, when companies want to switch people between the UK and abroad and have to

have made a joke about the top manager at his Italian subsid-

juggle pay scales accordingly. That certainly applies to internationally oriented companies like Imperial Chemical Industries, Britain'e higgest chemicals group. The ICI chairman and chief executive, Denys Henderson, earns £377,000. That is much less than the payers to a comparable execution. given to a comparable execu-tive in the US, where Richard Heckert, boss of Du Pont, the US'e biggest chemicals com-pany, earns \$1.25m (£694,000).

To take another example, Sir Paul Girolami, chairman of Glaxo, Britain's biggest drugs company, was recently given a 28 per cent pay rise to take his salary to £397,000. He is still, however, trailing well behind site number at Merck, the big-gest US drugs group - who earns \$1.37m (£760,000).

Although the pay of the UK chairmen may seem astro-nomic to the average person, many in the recruitment indus-try believe broad UK salary levels need to be driven up further to come still more closely in line with the international norm. "How the chairman of ICI does his job for that salary is beyond me," is the apparently non-tongue-in-cheek comment of Robert Baird, a UK

recruitment expert.

Discussion of the differences in international pay should, of course, not be carried too far. course, not be carried too lat-fract comparisons are difficult because of shifting exchange rates and cost-of-living discrep-ancies. And people in less well paid jobs in the UK may be perfectly content in this situa-tion, thanks to their perception of what constitutes a good quality of life in Britain. "They may also have more power and if they are lucky get a knight-hood," remarks John Viney, managing partner of Heidrick & Struggles International, an

executive search company.
So will Wellcome follow the trend set hy Beecham and recruit an American for its top job? The word in the pharma-centicals industry is that the company is likely to consider this option but will more probably choose a British chair-

Near the top of many peo-pie's lists of candidates is John Robb, a highly regarded ex-Beecham executive who was ousted after Bauman's take-over. Another possible – assuming the pay is high enough – is Robert Cawthorn, an Englishman who runs Rorer, a medium-sized US pharmaceuticals group.
Squeezing on to the short list
could be John Burke, a former
Glaxo director who surprised
many in the industry by resigning to take over as senior executive at Porton International, a little known

UK hiotechnology company.

Kit Power, chairman of Spencer Stuart, a headhunting agency, is among those who believe that — despite the general trend towards an international approach to selecting senior executives - older doctrines may take a while to be broken down completely. "It's one thing for a company to say it will look at people from a range of countries for its top jobs," says Power, "but it's a hrave British board which decides to ignore the UK candidates and employ an American to run the company."

The pursuit of quality

# America's prophet remains unimpressed with his country

Barry Wood catches up with the busy lecture circuit of the 88-year-old W Edwards Deming

. Edwards Deming was still going strong at Washington's moded approach of Twin, you lose that washington University the other night when the meeting was brought to a close fiter 2½ hours. Now stooped and a bit unsteady on his feet, east even had a grand time. Break down the barriers between employees." George Washington University the other night when the meeting was brought to a close after 2% hours. Now stooped and a bit unsteady on his feet, the 88-year-old quality management gurn had a grand time alternately entertaining and exasperating his listeners, few of whom were alive when the first Deming awards were

made in Japan in 1951. Deming himself was virtually unknown in his own country until he was featured prom-inently on American TV in a 1980 documentary on the com-1980 documentary on the competitive challenge posed by Japen. Hearing that their Japanese rivels had claimed Deming as their greatest teacher finally assured his popularity with American industrialists.

Deming's landmark series of lectures in Japan in 1950 was critical in convincing the Japanese that if they paid attention to quality their products could

to quality their products could one day compete in world mar-

Deming's theme last month in this rare public lecture was a variant of his standard lecture for which the uninitiated usually pay \$1,000 a head. No fewer than two dozen times that December evening did the legendary consultant and pro-fessor proclaim: "We (the United States) have levelled

off, we're on the decline."
We've had it too good for too long. We've lost the work ethic. We've become lazy and we're resting on the laurels of economic supremacy gained in the immediate post-Second World War era. Much is wrong, continues Deming, our quality is bed, we don't save enough, our manufacturing is on the decline. Our research has slowed. We've dismantled our

phone company.

As always in Deming's lectures the real villain is American management. Warming to the topic - and mischievously exhorting the audience to have some fim - Deming runs away from the overhead projector and marches to centre stage.
"We've destroyed our people,"
he thunders. "We've put them
in slots. A manager's job is to

After the crescendo Deming pauses, sits down and awaits questions. They come hallingly at first and then in a torrent. Deming hears only whet he wants despite shouts and translations from the first now

translations from the first row. A civil servant asks whether a recent report recommending higher salaries for government managers is on target. "Abso-intely not," answers Deming. "Higher pay isn't the answer any more than doing your best is. Your best isn't good enough. Knowledge is what we need. So we can work more

### Peer pressure

A young man asks bow you deal with a problem worker. He is cut off in mid-sentence. The master rises ont of his chair, stabs the air with a fore-finger, and shouts: "You made him that way! You put him in a alot. You gave him no responsibility. If there is a problem, peer pressure will take care of it." Conversation

He then launches into a denunciation of General Motors' highly touted capital investment programme, saying high technology "gadgets" won't assure quality. Deming predicts that the \$45bn GM modernisation effort will only result in poor quality at high

Deming has slowed down in recent months. Miness a year ago kept him from making his customary autumn trip to Japan. He has stopped driving and is now chauffered about in his 1975 blue Maverick which remains parked outside his modest north-west Washington

He did only 26 four-day seminars this past year instead of the usual 30. But Deming has no plans to retire. His schedule is booked well into 1990 when

FT LAW REPORTS

he will be 90, and he because new year with a ten-day some stint in Australia. continues to march to bis said drummer. He boycotted recent White House carefully unveiling the Commission Department's Malcoim Hair

They were intended the belated American partial the vanited Deming award to Japan, but Deming mutters that he doubts that they will do any good.

He ridicules awards and

He ridicules awards and plaques – seemingly oblivious to the irony that the weights most coveted industrial award is a medal bearing his own name and portrait. He says he's waiting to see the rest thing – quality – from American companies.

Deming won't suffer fools, or journalists, lightly, One Washington reporter, chagrined at shving a promised interview shoved back two years, showed up at Deming's door on a Saturday morning. Waving a letter confirming a date two weeks hence, he asked for reconsideration. Deming admitted the supplicant to the living ted the supplicant to the living room. Then he scribbled the reporter's name and phone number on a note card, opened the door leading to his base-ment office and hurled the card down the stairs. Initially

card down the stairs. initially hoping that this was Deming'a fail-safe filing system for top priorities, the reporter is still awaiting a call back.

At his George Washington University lecture Deming complains that the US is living on its fat. "We've been declining for 40 years. From here one we're going to have to out we're going to have to work a lot harder."

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He ends with a rhetorical question. Who do you think will be number one in manufacturing in five years' time?" Fearful that this may be a trick question that will draw the master's fury, few are willing to answer. Finally the word Japan" is uttered tentatively by someone at the back. "Of course," agrees Deming, "How can you catch up if the other guy is moving faster?" Barry D. Wood is an econom-

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# Notice expiry date determines right to redundancy rebate

SECRETARY OF STATE FOR EMPLOYMENT V STAFFORD-SHIRE COUNTY COUNCIL EMPLOYMENT V CAMERON IEON WORKS Court of Appeal

(Lord Justice May, Lord Justice Croom-Johnson and Lord Justice Glidewell): December 21 1989

AN EMPLOYER with more than nine employees has no right to redundancy rebate where actual or statutory notice of dismissal for redundancy, whichever was the later, expired on or after August 1 1986, irrespective of whether notice was in fact shortened or waived by agree-ment with the dismissed

employee or his union.
The Court of Appeal so held when allowing two appeals by the Secretary of State for Employment from the Employment Appeal Tribunal's decisions that employers, the Staffordshire County Council and the Cameron Iron Works, were entitled to redundance relates. Lord Justice Glidewell dissented on the Cameron appeal. LORD JUSTICE MAY said that prior to August 1 1986 an employer who made a redundancy payment was generally entitled to a rebate, under sec-tion 104 of the Employment Protection (Consolidation) Act 1978 (EPCA).

By a new section 104(1) substituted by the Wages Act 1986, an employer was only entitled to rebate on or after August 1 1986 if the redundancy payment was a "qualifying one A qualifying payment was, principally, one made by an employer with less than 10

By transitional provisions in paragraph 9(1)(b) of Schedule 6 to the Wages Act, the requirement of a qualifying payment did not apply if the "relevant date" fell before August 1 1936. The relevant date, as defined by paragraph 9(2) was calculated by reference to section 90 of the EPCA. of the EPCA.

By section 90(1) the relevant date was when notice expired if employment was terminated by notice, and when termina-tion took effect if there was no But section 49(1) of the EPCA laid down a minimum period of notice to which an

regard to length of continuous employment. By section 90(3), where the

statutory notice expired later than the "relevant date", that later date was to be taken as the relevant date in relation the dismissal. Section 49(3) provided that

the minimum notice provisions in 49(1) did not prevent the employer or employee from waiving his right to notice or from accepting payment in

The issue in the present appeals was whether the relevant dates were before or after August 1 1986. In each case the employer

employed more than nine peo-ple. Thus if the relevant date in respect of dismissal for redundancy was before August 1 1986, the employer was enti-tied to redundancy rebate. If it was after August 1, he was not entitled to rebate.

The Cameron case involved the redundancy of \$4 employees. Their trade union agreed with Cameron that each individual to be made redundant would waive his entitlement to statutory notice. Pursuant to that agreement,

Pursuant to that agreement, the 84 employees were dismissed for redundancy without notice in June 1986. If statutory notices had to be taken into account the addition of those periods would project the relevant dates to after August 1.

The industrial tribunal held that the relevant date was that the relevant date was whan termination without notice took effect, and that Cameron was accordingly entitled to rebate. The Employment Appeal Tribunal (EAT) dismissed an appeal by the Section of State retary of State.

In the Staffordshire case, a teacher, Mr Edward Baxter, was given notice of dismissal for redundancy on February 20 1986, to expire August 31. in June the council learned that its entitlement to rebate

was to be abolished by the Wages Act with effect from August 1. It wrote to Mr Baxter offering a different termination date. He accepted, and on July 2 he was given formal notice to terminate his employment on July 31.

The industrial tribunal held that the July 2 notice was a new notice, not a variation of the original, and that the relevant date was therefore after August 1. It held that waiver of

entitlement to statutory notice did not override the statutory

requirement, and that section 90(3) applied. The EAT agreed that the July 2 notice was a new notice, but held that waiver overrode the section 49(1) requirements, so that section 90(3) did not apply. Consequently the relevant date was before August 1 and the council was entitled to

The Secretary of State now appealed in both cases, asking the court to hold that tha employer was not entitled to

The "relevant date" for purposes of paragraph 9(2)(a) of Schedule 6 to the Wages Act, was to be ascertained by reference to both subsections (1) and (3) of section 90, and if two different dates were thrown up

one chose the later. Miss Booth for Cameron pointed out that its employees' contracts had been terminated in June and that the redundancy payments had all been made before the end of that month. It was not until a month later that the Wages

Act became law.
Section 32(3) of the Wages
Act provided that nothing in
Schedule 6 should prejudice
the operation of sections 16 and 17 of the Interpretation

Miss Booth's point was that before the Wages Act came into force Cameron had acquired a right to the redun-dancy rebates. It had qualified for them, but what it had not done and possibly had not had time to do, was to claim them. She relied on section 16 of the Interpretation Act which provided that repeal of an enactment did not unless the contrary intention appears" affect any right accrued under

Miss Booth submitted that her client had an indefeasible right to the rebates which, under section 16, could not be taken away.

Mr Laws replied that a "con-trary intention" appeared from paragraph 9 of Schedule 6 to the Wages Act.

Paragraph 9 applied the whole of section 90 of the EPCA in identifying the relevant date, including section 90(3). On that construction, paragraph 9 provided that if paragraph 9 provided that if the claim to rebate was made

would not be payable. The result was that the "contrary intention" did appear for the purpose of section 16 of the

Interpretation Act, and Miss Booth's point failed.
Mr Soule for the council argued that by agreeing to short notice Mr Baxier waived his entificement to notice, and there was no scope for section 90(3) in calculating the rela-

The argument was not sustainable. Whether waived or not, section 49(1) "required" a notice of specific length to be given, and if that had not been done section 90(3) still applied, notwithstanding any waiver.

done section 90(3) still applied, notwithstanding any waiver.

Mr Soule also submitted that the July 2 notice to Mr Baxter was merely a variation of the earlier notice, and that the relevant date was therefore prior to August 1. He contended that to construe the second notice as a new one could deprive the employee of some benefit, and the courts leaned against such an approach.

The courts did lean against any construction of succeeding dismissal notices which would operate to the employee's detri-ment, but that was not made out in the present case.

The court had to look af the

real operative cause of termination. That was not the February 20 notice. The operative cause of termination was the July 2 notice. It was a new notice, not a variation. The EAT erred in its deci-

sions. Both appeals were Lord Justice Croom-Johnson

Lord Justice Glidewell agreed on the Staffordshire case, but dissented on Came-ron. He said that Miss Booth's argument that at the end of June her clients had an established right to rebate which was preserved under the interpretation Act should succeed. It would need clear words, not mere inference, to make the

contrary appear.
For Cameron: Cherie. Booth (Booth & Co, Leeds)
For the Council: Michael Soule
(County Solicitor) For the Secretary of State: John Laws and Robert Jay (Treasury Solicitor)

Rachel Davies

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Bob Peck and Helen Mirren in "Some Kind of Love Story"

# Two-Way Mirror

YOUNG VIC

Monday marked the first major British production of this 1982 Arthur Miller double-bill, and its London premiere interest-ingly confirms the great playwright as being preoccupied in his latter years with ways of seeing rather than ways of stating the obvious, the self-justifying, the thunderous, the moral.

In the wake of After The Fall last week in Belfast I can only welcome the development. Whereas in that 1964 rambling odyssey Miller portrays himself at the epicentre of post-Holocaust guilt and questioning, he has now adopted an inflected view of character, an outsider

This is the new post-Pinter, post-Mamet Miller, with two people emmeshed on the side-lines of a drug, police and mun-der scandal, another two entwined in a cool neon-lit limbo where stylistic reality has taken a nap. The pieces are played with devastating preci-sion and musical intuition by Helen Mirren and Bob Peck, and are directed with imperi-ous confidence by David Thacker in designs of sumptu-ous, minimal elegance by Bob Crowley.
In Some Kind of Love Story, the detective Tom O Tools

returns to his hooker-lover, Angela, to pick up on a murder of five years ago. They say of this Tom, this dick, this no doubt Harry, that he could not track a diarrhoetic elephant on a glacier. Angela, in her louche rust boudoir, is involved in deep scandal, sees police cars everywhere, and reverts to catamnic embryos of childhood and society mocker

Tom and Angela are squeezed marginal victims in the dirty city, itself represented by miniature grey cars and buildings which lap the raised square bedroom of abandoned lingerie, a dressing table Madonna and black silk sheets. The play is a thriller, and a deeply ironic one, too, resolved in strategies of personal deal-

ing.

Mirren is a fallen angel with a heart of silver. She inhabits this provocative hooker with all the unstudied, caressing physicality of a damaged desperado. The information that she was raped by her father falls like an icide in the cavern of cavil and contempt that of cavil and contempt that engulfs she and Bob Peck. Peck is a granite like intruder, comi-cally backing into his own-

The offensive initiative reverts to Peck in Elegy For a

Lady as he enters a sleek bou-tique in search of a present for

tique in search of a present for a dying girlfriend. He is an aging martied man, the unseen girlfriend has just turned 30, the proprietress (Mirreu in sheeny grey tights and suit) tries to help, or at least listen, in her humming casis of amart gifts on neon-tinged plinths.

Peck plays a town-planning consultant, in business with consultant, in business with his betrayed wife, who has given up because he will not live to see the consequences of his destructive indifference. That major Miller flaw is built by Peck into a subtle explanation of his opportunistic toying with the proprietress, whom he

first takes to be a shop-girl, of

course.

There is more story, more rich history, in the first play, but I was much moved by the shifting colours of the second.
A strange exercise in affection
transference — is Micren the
new object, a signal of the
dying friend? — becomes a reverberative variation on familiar obsessive themes. At the heart of both plays is the persistent Miller quest for truth in defiance of impertinent interrogation.

Michael Coveney

### TELEVISION

# All moonshine about current affairs

ecording to received wisdom within the television industry. I two simultaneous revolutions are now supposed to be occurring in current affairs journalism, each precipitated in one way or another by John Birt. Inside the business there is endless talk on the subject. The pres and cons raise as much passion as the debates about satellites and Mrs Thatcher's White Paper on

Yet the odd fact is that if you watch very carefully what is appearing on screen, the only thing you can say with cer-tainty is that there is a lot more current affairs today

more current affairs today than ever before. The revolutionary changes appear to be a figment of the broadcasters' collective imagination so far.

Up to March 1987 John Birt spent his career in FTV. He worked on World In Action, then in 1972 at London Weekend Television he started Weekend World with Peter Jay as presenter. Together they as presenter. Together they wrote a series of articles about the supposed "blas against understanding" in convenient tional television news and curtional television news and cur-rent affairs programmes which they believed failed, too often, to put matters in context. Their mission was to explain, and some say that they used a rigorous and austere formula to make Weekend World into a tool of didacticism.

While the old practice ou programmes such as Pan-aruma and This Week had been to send out personable present-ers to the world's hot spots to find out what was going on and report back on film, Week-end World, it was said, was more inclined to send researchers round to a professor at the London School of Economics, interview him repeatedly until he delivered the quotes to sup-port their theory, and then present the story on screen in the form of statements, graphics, and documentary clips which linked together to illus-trate an analytical account of cause-and-effect, whether

ahoat banking or butter. LWT promoted Birt, first to Head of Current Affairs, then to Director of Programmes, but in 1987 he was lured sway by the BBC to become Deputy Director General with special responsibility for combining and reorganising the entire news and current affairs divisions. Much wailing arose from same much waiting arcse from Lime Grove, Broadcasting House and other centres where the BBC's broad church had traditionally tolerated all sorts of journalism, from dry aca-demicism (55-minute political interviews by Michael Chariton) to emotional populism (Desmond Wilcox with a weep-

The story assidnously put about by EBC malcontents was that henceforth all journalism would be "Birtian" and that this meant agreeing with your superiors the precise conclusions of your story before you left the building, then going out and putting it on film, whatever contradictory information you might come across. Worse, it was hinted, the new regime was ultra-sensitive to regime was ultra-sensitive to Tebbit-siyle criticism, so ques-tioning of Government policy would be unwelcome.

Meanwhile, back at London Weekend, with the cat gone, the mice were having a ball. Greg Dyke, Birt's successor as

Director of Programmes, and Jane Hewland, the new Head of Current Allairs, took against Birtian principles. They scrapped Weekend World and declared that the time had come for a more populist form of television journalism which was not ashamed to borrow from the tabloid press.

Thus, we were told, the

scene was set for the new era of broadcasting. With the Thatcher Government ushering in umpteen new television channels via satellite and pressing for the auctioning of ITV franchises, which clearly meant tougher competition on the commercial side, it seemed that ITV was dropping its old public-service attitudes and going for ratings-building tab-



John Birt: at the centre so-called the revolution

held journalism. Meanwhile the BBC, with its rôle as the mainstay of public service emphasised more than ever, but deeply sensitive to government influences, would single mindedly pursue its worthy and tedious mission to explain. That is the picture that many television journalists will paint today — negally in tones of today - usually in tones of gioom and despondency.

It bears virtually no relation-

ship to reality. Yet. True, ear-lier this month LWT did replace Weekend World with Eyewitness which was launched with considerable razzmatazz. There was much razzmatszz. There was much talk of a more youthful approach, brightness, snappiness, "relevance," and being understandable to ordinary people. Sure enough, the opening item showed how an Eyenthness reporter easily got a job as an aeroplane cleaner at Heathrow and hid a large box of chocolates — which could have been a bomb — under a seat on an airliner.

seat on an airliner.
It was a slick trick which made a powerful point but why did it ring such a loud bell? Of course: when Jerry Wallington wanted to show how businessmen were able to get away with

sanctions-busting he loaded a prohibited export item (a new back axle) openly into a car and drove it over the border, filming all the way and prov-ing how easily it could be done. It was a slick trick which done. It was a slick trick which made a powerful point . . . for World in Action. The border was Rhodesia's, the date was 1965, and the reporters who now work on Agenitiess were probably busy being born.

Exercitness has proved so far to be a goodish but entirely un-revolutionary example of the sort of popular current

the sort of popular current affairs journalism which ITV has been producing for more than 30 years. Its item on the Irish sea triangle, with fishing boats towed along by "mysteri-ous" forces, was old hat. Its item about finding facilities for premature babies fell into the ancient TV trap of creating "shock" stories by simply assuming uo limits on NHS spending; its drug story this week was conventional hut proficient; and its story about the departure of Robert "Tumbledown" Lawrence to Australia seemed to be a real scoop. its seemed to be a real scoop.

If Ryentiness practices for a couple of years, and the presenters all become as good as the admirable Trevor Phillips, learning to read autocue without looking like terrified goldfish (which they will, no doubt) it may one day be as good as Searchlight, the splendid slambang tabloid series launched on ITV by former. Daily

ou ITV by former Daily Express man Tim Hewat in 1958. And if Exeminess stays in busines until 2015 AD it may acquire as much kudos, experience, and "tabloid" know-how as World in Action (b. 1959). as World in Action (b.1963).
Meanwhile, eisewhere ou commercial television, Discommercial television, Dis-patches has recently given us a good and thoughtful but obvi-ously uon-tabloid account of Russia's use of mental hospi-tals to imprison dissidents pre glasnost. 5-U-5 did an excellent little item on lorry driving in London, worthy of Tonight at its best (b.1957). This Week ful-filled the rare function of rep-resenting the public interest in

keeping a watching brief on the press when it reported with the soberness of The Independent on new privacy laws. And World In Action itself has sustained its 26-year record of outstanding popular journalism with reports on women's fear in the streets; the psychiatric consequences of public disas-ters; and police "verballing."

And what of the cowed, foreand what of the cowed, lote-lock-tugging Birtian automa-tons at the BBC? This week we have had an edition of 40 Min-utes which threw cold water over the grandlose claims made for the Tyneside Metro Centre, brainchild of John Hall, one of Margaret Hall, one of Margaret Thatcher's favourites. A for night ago Panarama provided an sudit on gains and losses in freedom during 10 years of Thatcherism, with the empha-sis very clearly on the losses. The BBC2 series Sisters Under The Skin began with precisely the sort of serendipitous subject that has always existed on the fringes of BBC current affairs; a troupe of English can-can dancers, several of whom sincerely regard themselves as feminists.

Just after Christmas BBC2 delivered a report on London's down-and-outs, Street Stories, which could hardly have been less predictable or precon-ceived, and this week's Every-man comprised a "report" on the troubles in Lebanon from Charles Glass, speaking simply over newsreel clips and stills, which was unlike anything I have ever seen previously. It would be silly to become

Panglossian over British television journalism. If the sateiiites do succeed, standards may piummet, and the BBC may indeed be left holding the public service baby. But, at present, there is more current affairs material then ever; there is remarkable variety; and the idea that the BBC's output is all boring and respectful, while ITV's is all tumbling down-market to tab-loid level, is sheer moonshine.

Christopher Dunkley

# Ties That Bind

**PURCELL ROOM** 

Under the auspices of the London Mime Festival, Trestle Theatre is on the South Bank until Thursday night adding a spooky new twist to their mask

spooky new twist to their mask and mime work.

Ties That Bind is the social tragedy of 16 year-old Julie, unloved at home and sexually abused by her father whom she finally murders. She is played by Thomasina Carlyle with a face of scowls and granite, bags under her eyes, a very picture of repressed animation. Her real face is a mask for inner turnoil and distress.

Other characters, except for a casually sarcastic teacher, who flings marked exercise books out into the audience with a scattering of beautifully kurtful remarks, exist behind the blubbery Cabbage Patch

masks that are this company's hallmark.

If all you ever see is mime, the work of Trestle must seem revolutionary. But in aspiring to the condition of mainstream serious drama, Trestle only succeed in exposing the flimsiness of their devices

The root source of invention is the unfathomable mystery of the mask. But the minimalist soundtrack, judderingly amateur film sequences and the twee scenic tricks of sofas and beds suddenly changing into fairground rides, all these are fairly primitive and out-moded production mannerisms. A group like Theatre de Complicite is miles out ahead now, leaving Trestle to look like an inventive kids' television show stricken with earnestness

Playschool for progressives.

Toby Wilsher and Joff Cha r execute their quick-change with no sign of strain except for the odd stumble down the stairs. Having established the violent home background of Julie and the discovery by the

school caretaker of a crumpled cry for help as he sweeps up, the show sidetracks into tspid charace. The first moment of incestuous overture, though, strikes a sudden chill.

Apart from that, and the undoubted skill with which the plastic masks and matching wigs are invested with creepy life and curiously snbtle expression, the proceedings seems slow and predictable.

Michael Coveney

# Madama Butterfly

COVENT GARDEN

Nuria Espert's production of sympathetic creation, but Nuria Espert's production of Puccini's opera was made originally for Scottish Opera in 1987, and acquired by the Royal Opera last antumn; in this speedy revival, Glasgow's heroine Yoko Watanabe rejoins winsome Butterfly destined for breaking upon a wheel, but

As always, having a Japanese soprano as Cio-Cio-Japanese soprano as Clo-Clo-San guarantees as many frissons as having an authentically black Othello (whether Shakespeare's or Verdi's): in a role where masquerading as an abused ethnic alien is normally a vital factor, we're faced with a performer who is an ethnic performer who is an ethnic alien, and can play it without tricks of mimicry. For Puccini's essay in enraptured sado-mesochism that is particularly discomfiting, because it denies us a whole degree of comfortable aesthetic

distance. Even in those recent times Even in those recent these when Cio-Cio-San was standardly represented as a fragile porcelain wimp. Japanese sopranos have worn her kimono with more grace—and greater dignity—than and greater dignity — than their Western colleagues.

(Despite mixed feelings! — I make that the Japanese feel moment — an under-sized flattered by Puccini's mensely moving.

Her Pinkerton is Marlo Malagnini, suitably personable and feckless hat — at the moment — an under-sized flattered by Puccini's

(with the benefit of Espert's sourly updated, downmarket setting) a strong, resilient creature, vulnerable only through her naive loyalty and

Her soprano is used with dramatic intelligence, though it doesn't trace an exquisite line: "Un bel di" was forthright and effective, without conscions finesse. This Butterfly's Italian vowels went strange from time to time -and why not? The Watsnabe middle-voice is at once dusky and beautifully clear (a Japanese gift, as we have been learning), and it has unusual power; some blotting in the upper register, not to mention some doubtfully successful striving toward top notes, ceased to be a problem once Act I was safely past. She was intensely moving intensely moving.

the house, despite his promis-ing style. Mark Ermler's full-voiced orchestral treatment gave him little quarter, vital, and astutely musical though it

The decent, troubled Consul is Thomas Allen, entirely right in spirit but so far too shyly detailed, too buttoned up and English: Sharpless is after all American, and there isn't the slightest reason to suppose that the Italian authors of the piece imagined him with a stiff upper lip.

Something similar could be said of Anne Mason's sturdy Suzuki, who is given too little to do beyond looking devoted and despairing, and yet makes an honest impression of some weight. There are excellent accounts of the smarmy marriage-broker, the Imperial Commissioner and the silly suitor-Prince by John Dobson, Anthony Michaels-Moore and Bruno Caproni, and Gillian Webster as the new Mrs. Pinkerton suggests exactly what her miserably sketchy part leaves blank.

David Murray



Yoko Watanabe

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ROTTERDAM

**FINANCIAL TIMES** 

### ARTS GUIDE

Single Spies (Lyttelton).

Marvellously entertaining new
Alan Bennett plays about Guy
Burgest and Anthouy Blunt,
with Simon Callow and the
author. Prumelle Scales joins
in as Her Majesty the Queen.
In National Theatre repertoire
until February 4 before transferring to West End (928 2252).

A Walk in the Woods (Comedy).
Alec Guinness and Edward
Herrmann in feeble off-duty arms
negotiation encounter by Lee
Blessing. Guinness, back on the
London stage after 10 years, is
in subtle virtuoso form 22 the in subtle virtuoso form as the Soviet veteran of tactical stone walling and no dealing tricks (\$90 2578, cc 839 1438). The Secret Raytine (Lyttelton). Brilliant new David Hare piece for the National Theatre, a satirifor the National Theatre, a satiri-cal but moving romance on life, love and family politics in Thatcher's Britain. The play of the year. Feb 8-11, 24, 25, 27, March 9-15, March 25, 27 (928 2252, oc 240 7200). The Shangirraun (Olivier). Rec-ommended Christmas treat, as Boucicanit's melodrama is given the full scenic works but is also

the full scenic works but is also revealed as a key frish dramatic milestone. Fine National Theatre cast led by Stephen Rea (328 2252). Reb 18-16, March 1-4. Brigation of Victoria Palace). 1947 Larges and Loewe "heather-scented" Scottish fairytale hit is handsomely revived and well sung, less frail than expected. (334 1317, cc 836 2428). Mrs Klein (Apollo). Intrigging chat among the child psychosmalysts in Nicholas Wright's hit transfer from the National. Fizzing performances from Gillian Barge, Francesca Annis, Zoë Wanamaker (437 2663, cc 379

Oxpheus Descending (Haymar-ket). Triumphant debut for the Peter Hall Company with Peter Hall Company with Vanessa Redgrave candescently sensual and italianate in atmo-spheric restoration of Tennessee Williams's last indisputably williams a last inseptianty
major play (880 9832).
Henceforward (Vandsville), ian
McKellen and Jane Asher in
bleakly funny and experimental
Alan Ayckbourn comedy of
future shock and strained marriage. A tais of obsession, devo-tion, computer music, women as robots, gangs on the streets and a tug-of-love (836 9967, cc 741 9999).

The Young Vic on tour with Waiting for Godot, with Reg Stewart and Peter Theedo (Schouwburg). (Wed only) (422 741). Moves to Groningen (Schouwburg, 125 645) on Fri;

Rotterdam Evita (Doelen). The original Broadway production with Flor-ence Lacey (Tue to Thur) (413

Now York Rumours (Broadhurst). Neil Simon's latest comedy is a self-conscious farce, with numerous stamming doors and lots of mus-ging but hollow humour that misses as often as it hits. Chris-tine Baranski leads an ebolliant tine Baranski leeds an ebullient cast in the inevitable but disappointing hit. Cais (Winter Garden). Still a sell-out, Trevor Num's produc-tion of T.S. Ellot's children's

tion of T.S. Eliot's children's poetry set to music is visually startling and choreographically feline (239 5252).

A Chorus Line (Shubert). The longest-running musical in the US has not only supported Joseph Papp's Public Theader for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions (239 5200).

Les Misérables (Broadway). The magnificent spectacle of Victor Hugo's majestic sweep of history and pathos brings to Broadway jessons in pageantry and drama (239 6200).

lessons in pageantry and drama (238 6200). Startight Express (Garshwin). Those who saw the original at the Victoria in London will harely recognise its US incarna-tion: the skaters do not have to go round the whole theatre but do get good exercise on the spruced-up stage with new bridges and American scenery

bridges and American scenery to distract from the hackneyed pop music and trumped-up, ally plot (586 6510). Phantom of the Opera (Majestic), Stuffed with Maria Bjornson's gilded sets, Phantom rocks with Andrew Lloyd Webber's haunting melodies in this mega-transfer from London (239 6200).

Driving Miss Daisy (Brian Street). The touching relation-ship between a dowager, played in this production by Dorothy Loudon, and her hinck chauffeur exposes the changes in the South over the past several decades (348 4000). January 20-26

Steel Magnolias (Royal George).
Ann Francis and Marcia Rodd play the leads in this view of southern life from under the dryers in a busy hairdressing establishment (888 8000).
The Plano Leson (Goodman).
Prolific August Wilson continues his exploration of the American black in history with a play, set in 1988, about a family's arguments set round an elaborately carved heirioom piano. Ends
Feb 11 (443 8800).

Kabuki. The festive New Year programme at Kabuki-2a (541 3131) includes a popular moder kabuki piay Jii-san, Baa-san kabuki play Jij-san, Baa-san (Grandpa, Grandma) at the 11.30 matinee. The evening show at 4.30 ends with the spectacular Lion Dance, featuring Ichikawa Denjuro XII and his nine-year-old son. At the National Theatre (265 7411), the world-famous (235 7411), the workships Bando, is one of the players in a mixed programme which includes two dance numbers. Ends January

Yamato Takera of Mt Ibuki. Some of the kabuki theatre's some of the additional perform a new play about one of Japan's mythical heroes, in a production by kabuki's finest showman, Ennesuke Echikawa. Parco Thea tre (477 5858). Ends January 28.
Carmen. Musical (in Japanese)
based on the opera, but which
follows Merimée's novella more
closely than Bizet did. The aim,
according to director Mike Ashman of the Royal Opera House, Covent Garden, is to put back "the sex and violence". Aoyama Theatre (591 1711).

# Fine Arts Brass

On Monday the Fine Arts Brass Ensemble brought to Brass Ensemble brought to Loudon specially commissioned works – by Robin Holloway, Philip Wilby, and Malcolm Arnold (the characteristically neat and jovial Brass Quintet no.2) – whose first performances they gave ontside the metropolis last year. The coutinuing revival of interest in brass music owes a good deal to fine music owes a good deal to fine ensembles such as this one: the Fine Arts manage to attract worthwhile composers and then reward them with stylish, lively readings, sharply pro-filed and full of flair.

Holloway's Brass Quintet, fifth in his series of Divertimentos, sets out to be somewhat contradictory in its character, at once diverting (in the sense of its subtitle) and sense of its subtitle) and tough-spirited, cuphonious and shapely yet built ont of lopped-off phrases and quizzical interruptions. The five-movement span of the work beautifully fills out the outline suggested in Holloway's programme note: the idiom seems to mark Weill and English to marry Weill and English brass consort music of a past era, and, as in the most engag-ing and intriguing Holloway pieces, there is a touch of wit

and irony in the handling of sounds and forms. There is also great virtuosity in the writing for the instruments – uotably in the little "Scheruotaty in the intie "Scher-zino" which forms the middle movement, spun off with bouncing rhythmic lightness, and in the "Funeral March" which follows, exploring a sur-prisingly wide range of muted

Wilby's Classic Images takes its title from a collection of Ansel Adams photographs (the ones that directly inspired the three movements of music were re-printed on a sheet inside the programme), and likewise attempts to parallel Adams's approach to imagery. "Aspens", the opening move-ment, and "Surf Sequence", the second, left the most striking impression on a first hearing — the first a fine-lined horn solo shaded and shadowed by the other instruments, the second an exuberant scherzo. The correspondences between visual and musical art-forms mattered less than the vigour and, again, virtuosity of the brass-writing. The Wigmore was filled withexciting sounds which never quite crossed the pain threshold.

Max Loppert

### FINANCIAL TIMES

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Wednesday January 25 1989

# Greenspan's amber light

THERE IS nothing very new in the measured caution with which the Federal Reserve Chairman, Mr Alan Greenspan, assessed the US economic outlook in his appearance before the House Banking Committee yesterday. What is new is the support he received from mem-The Budget Director, Mr Richard Darman, was almost equally cautious about the sus-tainable growth potential of the US economy, putting it somewhere near 3 per cent. This implies that he also agrees with Mr Greenspan's firmly-stated view that the US cannot resolve its deficit prob-lem simply through growth and that some fiscal tightening is therefore desirable, both to help balance the budget and to head off any possible danger of over-heating

"Possible danger" would have been read in the markets as a dangerous understatement up to the end of 1988, but in the last two or three weeks that domestic demand is indeed cooling off. Retail sales in December were very flat. housing starts have fallen sharply and the growth of con-sumer debt continues to slow

### Optimistic view

This lends some support to the Chairman's clear forecast that the trade balance should continue to improve - a much more optimistic view than the recent consensus among academics and the gloomier Wall Street pundits. Wall Street, however, became more optimistic after the November trade figures: the deficit was sharply higher, but nearly all the damage was done by a surge of imports of capital equipment, and this tide is soon expected to ehb.

it is the danger of inflation rather than of an enlarged foreign deficit which worries Mr Greensnan. The US economy. as he sees it, is uncomfortably close to the margins of produc-tive and labour resources, and flirting with the danger of

He is not worried that this might cause a recession. "As we enter 1989, there are few ments to continued expan-

4.4 per cent as "unacceptable," and clearly means what he says when he repeats that his long-term aim is price stability. For the time being, he favours both a demanding exchange rate and high interest rates as a cautionary mea-sure, but he did offer an uncharacteristic gleam of financial optimism: rates could well come down, he said, once a deficit-reducing budget was agreed. Indeed, he must fervently hope so, for as he con-ceded in his discussion of the related thrift and less-developed countries' debt crises, high interest rates impose large risks on what is still a very fragile financial system. His argument for relatively high rates now is that they head off the danger of still

### Shaky economies

higher rates later.

In economic terms, this pic-ture looks very like life, but financially, it looks somewhat too bland. The markets are no doubt fairly shockproof on the subject of debt, as Mr Green-span said, but the real econ-omy, and especially the Latin American economy, is in crisis now, it is not enough to spell out the abjective of a reproved flow of capital at viable interest rates to the shaky economles of America's neighbours; that has been the objective for years, but the chances of voluntary bank lending grow less every day.
It is good news, then, that

debt is at present intended to be the top of the agenda at the meeting of the Group of Seven at the beginning of next month. It will raise two questions which challenge the thinking of the last Administration: its preference for bilateral solutions and its determination to avoid any explicit charge on the US taxpayer. The European and Japanese views favour multilateral solutions and recognise that tax-payers will have to rush in where commercial banks very naturally fear to tread. If the meeting is to produce promising new initiatives rather than continuing squabbles, the Bush team will have to prove that its giving up wishful thinking on domestic growth.

# The salaries of academics

PAY IN an expanding sector of the economy tends to run ahead of rates elsewhere. This is a normal mechanism for sucking in resources - espe-cially of skilled manpower from declining sectors. According to Mr Kenneth Baker, the UK Education Secretary, Brit-ish higher education is poised for rapid expansion. in a recent speech at Lancaster University he extolled the merits of mass higher education in the US and suggested that the UK should aim to double - to 30 per cent
- the proportion of 18-yearolds attending some form of university or polytechnic. He might, therefore, have been expected to outline a strategy for raising academic pay to the

levels required to cause a mas-sive inflow of talent. In reality, his attitude towards university pay bas been negative in the extreme. Indeed, an unbiased observer would have to conclude that the Government is preparing for contraction rather than no pay increase at all in 1988/ 89. This year, the funds made available to university vice chancellors will finance an award of only 3 per cent. Sir Mark Richmond, the chairman

of the Committee of Vice Chancellors and Principals, said he was embarrassed at the inadequacy of this offer, and is seek-ing an additional £50m from ministers – the equivalent of 6. per cent on the pay bill. Aca-demics, meanwhile, are behav-ing more like students than dons; their exasperation has pushed them to boycott exami-nations and hold formal dem-onstrations.

### Pay decline

All the figures on compara-tive pay rates appear to uphold the dons' case. Since 1979, lec-turers' pay has fallen by more than 20 per cent relative to average earnings; the decline relative to highly-paid profes-sionals and those in expanding sectors has obviously been far greater. Academics' pay has greater. Academics' pay has declined even in relation to such relatively depressed groups as schoolteachers, civil servants and teachers in colleges of further education. Indeed, lecturers are one of the few groups whose pay actually buys less in terms of goods and services than it did in 1979 quite an achievement given the

scale of the economic recovery

since then. Cynics will say that artificial comparisons of pay prove nothing: lecturers may have been paid too much in 1979. Pay should instead be determined by market supply and demand. If universities cannot attract suitable staff in certain sub-jects, they should be allowed to raise salaries; but it matters little if pay falls in unfashion-able disciplines such as philos-ophy or ancient Greek.

There is undoubtedly a case for greater flexibility in pay scales. It makes little sense to treat academics as an indivisi-ble breed when the pay dons can command in alternative professions varies so much by subject. But here the Government is already pushing on an open door. The vice chancel-lors – if not union representatives - want to use extra gov-ernment funds to attract lecturers in shortage subjects, such as accountancy and law, and to reward individuals for outstanding performance. Extra cash for this year's settlement could, therefore, be used as a lubricant for reform.

### Quality of staff

But the market arguments should not be taken too far. There is already evidence that comparatively few able gradus are willing to contemplate an academic career in many subjects, fee-paying foreign postgraduates now outnumber UK students. Some dons also point out that the quality of new appointments in some fields has fallen. The issue is thus not whether universities can attract staff, but whether they can attract staff of suffciently high quality. Compara-bility exercises can be dismissed by those who worry only about numbers but not by those who also worry about

The Government is right to encourage universities to seek alternative sources of finance. But such efforts are in still their infancy. For the foresee-able future, the universities will remain overwhelmingly dependent on public money. Mr Baker thus has a duty to match his retoric about future expansion with the resources needed for a realistic pay award for lecturers. The universities will otherwise remain in relative decline.

# Kevin Done examines Ford of Europe's strategy for the next decade

ord of Europe has thrown down a gauntlet to the rest of the European car industry with the declared mission of becoming the lowest-cost car producer in Western Europe by the early 1990s.
It is trying to make itself the car maker best placed to survive the crunch that it believes will confront the European motor industry in the next decade. At the same time it is increasing capacity by 10-15 per cent and launching three new-generation models in the next four years to regain market share lost to its rivals. Ford is seeking greater flexibility from its European workforce -including three-shift working for the first time at one of its European assembly plants - while reducing the complexity of the manufacturing process. Ford of Europe is playing a lead-ing role in the overall group's fresh attempt to develop a system of world car engineering. This aims to reduce design and engineering costs, to cut product development time and to min-imise duplication of effort.

One result of the new policy was the decision, announced last week amid union opposition, to end produc-tion in the UK of the Sierra, Europe's best-selling medium-size car. Assem-bly of the Sierra range (and of its replacement in the early 1990s) will be concentrated at the company's plant at Genk in Belgium. This decision is, however, just one piece in the strat-egy the group is evolving to cope with the mounting global pressures for greater efficiency, quality and produc

In this race, Ford already claims to be ahead of most of its European rivals, including Volkswagen, Peu-geot, General Motors and Renault, but admits that it is currently being out-performed by Fiat of Italy. It says that even Fiat, the most cost-effective of the traditional European producers, will probably be overtaken by Japan's Nissan when that company's £510m car assembly plant in north-east England reaches planned full produc-

tion in 1992-93. Mr Bill Hayden, Ford of Europe's combative manufacturing director insists, however, that "by 1992 we will beat or match them both with our current rate of progress. We want to be the best in class in quality and the lowest cost producer. With a good model range, whatever the challenge should be, we will have a better chance than any to survive the

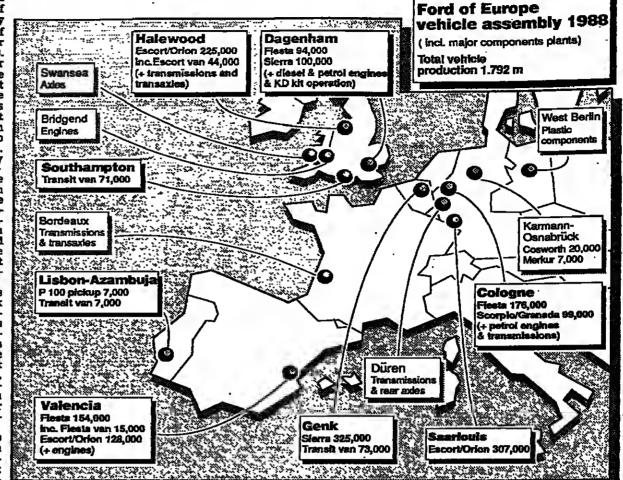
Ford believes that a shake-out in the European Community's motor industry is unavoidable as the market is opened up to the full force of Japanese competition. "Do you believe that if the Community becomes an open market that all the existing pro-ducers can survive?" asks Mr Hayden. "If the Japanese come in hard, they could not."

The number of blue collar workers

employed by Ford of Europe in manufacturing has dropped from 104,000 in 1979 to 77,500 at the end of 1988, while the salaried staff has been cut from 18,300 to 12,000. During the same period, the company increased vehicle output (cars, car-derived vans and panel vans) by 37 per cent from 1.31m

Ford maintains that it has increased its labour productivity by an average of 8.5 per cent a year in each of the last four years. By 1932-93 we believe that with our continental plants we will be the most efficient producer in Europe, despite having very high wage rates in Germany," says Mr Hayden.

At the same time Ford has been closing the productivity gap between its UK and continental plants. In pow-ertrain production (engines and trans-missions) the gap is now only about 10 per cent. In vehicle assembly, Ford says the competitive gap has been



# Gearing up for the race of the 1990s

reduced by more than 50 per cent since 1983, "but it was horrendous when we started," says Mr Hayden. The biggest strides have been thieved at Halewood, Ford's assi By plant on Merseyside for the Racort/Orion range, where labour productivity has been improved by 11-12 per cent a year in the last three years. The much older Dagenham plant in Essex - until now producing Flestas and Sierras - has lagged behind, however, and Mr Hayden says there is still "a significant gap" in productivity between the UK and continental assembly plants.

The attack on materials costs has also yielded big dividends, and Ford is now succeeding in reducing purchas-ing costs by 3.5 per cent a year -after it has allowed for inflation and other increases outside its control compared with 2.0 per cent a year in

Mr Hayden claims that at the moment Ford of Europe can compete with the delivered costs of a Japanese built-np import, but this is only because of the freight and duty costs

burdening the Japanese.

With the further progress it expects to make in catching up on the Japanese domestic industry — and helped by a likely further appreciation of the yen — he believes Ford of Europe could have a cost advantage of \$1,000 (5564) a car by 1993 over an imported Japanese vehicle. However, any advantage based on Japanese freight costs will be wiped out by the Japanese nese setting up shop in Europe. At present the European car industry is riding the crest of a wave. The unprecedented surge in sales since the mid-1980s has established Western Europe as the biggest car market in the world, overtaking North America

From 1977 until 1985 car sales in Europe remained more or less static around the 10m mark with demand never more than 6 per cent either side. Now the industry is convinced that sales have jumped on to a new trend line that could fluctuate around 12m units a year depending on the strength of the European economy. The Japanese cannot afford to stay outside such a lucrative market, Ford argues. They are already well on the way to establishing plant capacity in North America to produce 2.6m vehicles a year by 1992, and will soon

single-mindedly to Europe.

Despite the present boom there is already over-capacity in parts of the industry, most notably at Austin Rover and Renault. The more ambitious car makers, including Ford, are now gearing up to create more capac-

Ford of Europe's shortage of capacity — which helped it to lose market share in last year's European market — has caused the company to reshape the five-year business strategy review it began in mid-1988. The process has been influenced by several factors.

First, the size of the overall market

company is expecting market-share growth from a succession of new-gen-eration model launches due between 1989 to 1992.

Second, the weight of demand in the European market has moved with surprising speed to smaller cars, represented in the Ford range by the Fiesta and the Escort. From 1979 to 1987 the supermini segment's share of the total market climbed from 21 to 33 per cent, while the share of cars in the Sierra size class shrank from 25 to 20 per cent. In the small car market, Ford will unveil its new generation Fiesta next month after five years of development; and the new Escort will be launched in the autumn of 1990. Ford of Europe's strategy for the 1990s thus includes:

• Increasing capacity at four of its six European assembly plants, Genk ierra). Va scort). Halewood (Escort) and Cologne (Fiesta) with an effectiva total increase of around 10 per cent by mid-1990 and as much as 13-16 per cent by 1992-93, depending on whether demand would justify triple-shift working at a second location, such as • The unsatisfactory level of Dagenham productivity is to be directly

addressed by reducing it to produc-tion of a single model, the Fiesta. For Dagenham the move must be seen as a final public warning. Removal of the Sierra - the opera-tion will be completed in August 1990

will more than halve the com ity of the Dagenham assembly spera-tion. The present Flesta and Sinta assembly-mix demands the use of 6.850 different parts, while the august ber of parts for the assembly of the new Fiesta alone will be reduced to Ford intends to keep the same capacity level at Dagenham for the Flesta alone, 1,104 a day, that it previously had for the Flesta and Shame

will none the less mean the loss of 500 jobs, because of the lower level of complexity in the Fiesta production process. For years Dagenham has failed to meet its scheduled targets now its future is on the line. The workforce has been told that it must change if it is "to continue as a viable manufacturing site." Mr. Hayden is due to meet the UK'e national Foot unions tomorrow to discuss their: opposition to the Sierra move.

Sierra production will be concentrated at Genk, with a radical change in labour practices at the Belgian plant involving three-shift working for the first time at a Ford of Europe assembly plant. Ford already makes widespread use of temporary labour at Genk; it has 2,500 temporary works ers in addition to the permanent

workforce of 8,950 hourly-paid work-

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combined. The removal of the Slave

• Genk is to be geared up to become the single European production source for the new car code named CDW 27, which will replace both the European Sierra and the North American Tempo/Mercury Topaz from 1992. The CDW27 represents Ford's first attempt at a radical new form of world car engineering. Ford regions have previously operated as autonomous fiefs. The company tried in the late 1970s, with the last Escort, to engineer a world car, but in fact the European and North American Escorts ended up different in virtually every respect. "The spelling is the same," says a rueful Mr Ailan Cilmour, Ford's executive vice president for international antomotive operations. attempt at a radical new form of

operations.
The CDW27 is a new departure, however. One region - in this case Europe - has been given the responsibility for leading the design and engineering of a new car to suit both the European and North American markets. The cars could still have superficial differences in appearance and tuning to suit market preferences, but Mr Gilmour insists that "the basic engineering job will only be done once."

To support the revolution Ford has created a \$77m global communications network of computers to unite its 20,000 engineers and designers in Europe, North and South America, Australia and the Far East.

The challenge is stark. Ford must already make up lost ground on its rivals, in 1987 it dropped from third to fourth place in the West European car sales league, overtaken by a resurgent Peugeot, and last year it was the only one of the big six volume car makers in Europe to suffer a decline in sales. volume - by an estimated 1.2 per cent - in an otherwise booming European market. Its European market share fell to 11.3 per cent in 1987.

As the competition from its rivals intensities, Ford's success in the 1990s will depend most of all on the appeal of its new model programme (begin-ning this spring with the launch of the new Fiesta) and on its ability in the early 1990s to replace uncompetitive parts of its engine and transmis-sion range (particularly the power units for its top of the range Scorpio/ Granada). It is making significant progress in reducing costs - near-re-cord profits in the last two years testify to that - but its competitors are hardly standing still.

### Easy come, easy go

■ There are many countries where the resignation through scandal of a Cabinet member, particularly one bearing the imposing title of director of the economic planning agency, would automatically put the cat among the pigeons. And the departure from this post in Japan of Ken Harada yester-day is important, in that the Prime Minister, Noboru Tak-eshita, hardly needs further horrors on the Recruit Cos front. Yet it should be put in

perspective.
There are few more disposable commodities in Japan than a Cabinet minister. Some endure; Shintaro Abe did four years as Foreign Minister in this decade, as did Kiichi Miya-zawa at Finance, before he. too, was undone by Recruit.
But, for the most part, ministers come and go with great
regularity for the simple reason that membership of that august body, while occasion-ally a recognition of actual merit, is more often a straight-

forward political perk.
Every year the Cabinet is reshuffled, with portfolios artfully divided among the factions which make np the ruling Liberal Democratic Party. In the eight years he was Prime Minister, from 1964-72, it was reckoned that Elsaku Sato managed to elevate to the Cabinet nearly half the 200-300 sitting LDP MPs of the

An astute Japanese bureau-crat, who, naturally, does not like politicians, recently gave the following rating system. There were five categories of MP, he said: those who might aspire to be Speaker, who were very smart, those who might sit in the Cabinet more than once, who were pretty good; those who would get just one turn, who were average; those who would not even get that reward, who were truly awful; and finally those who might make Prima Minister, who were something else entirely.

# OBSERVER-

### City record

■ The City of London cannot afford to be too smug about the scandals which have erupted in other financial cen-tres, notably Paris, Tokyo and New York. Its own catalogue of alleged wrongdoing must be running at record levels. So far as official inquiries are concerned, there are at

least seven big ones at the moment, involving the Depart-ment of Trade and the Serious Fraud Office, They include Guinness (DTI and SFO), Barlow Clowes (DTI and SFO), Equiticorp (SFO) and County NatWest (two DTI inquiries). Many smaller ones have also been announced, and there are those by the DTI and the police which never become

Some idea of the size of the iceberg below the surface comes from the fact that the SFO is currently investigating no fewer than 50 cases. Since the office only takes on cases involving sums of more than film, there is not much for the City to feel smug about.

### Still special

For a few hours on Monday it appeared that the warm personal relationship between Ronald Reagan and Margaret Thatcher was being abandoned by the new US President. George Bush spent part of his first working day in the White House telephoning world leaders who had sent him their best wishes - starting with the Italian Prime Minister and the West German Chancellor,

but no Thatcher. Why not? Marlin Fitzwater, who is staying on as presiden-tial spokesman under Bush, said that there might have been "a busy signal in London. I don't know."



The explanation turned out to be that the Prime Minister was unveiling a statue of for-mer President Eisenhower when the White House tried to get through. There was what a Downing Street spokesman called "a friendly 10-minute chat" later in the day.

### Pretty numbers A small book of cartoons

called The Annual Report will shortly be landing on a num-ber of finance directors' desks. The work of the newly-established Financial Design Consultancy, it is meant to show that design matters, even when it comes to reporting company

Michael Mattinson, who set it up, says that he is "nearly 29." He had a spell with the Haggie Company, which works in financial public relations, with City and Commercial and before that, spent four years in the advertising department of NatWest. The aim of the new company, which will work closely with Haggie, he says, is to persuade finance directors

and company chairmen that all they have to do is to speak to him about what they want to say in their reports, and he will look after the design. He is employing four design con-sultants and hopes to move on to advising on corporate identity.

### Master Skinner

The Hansard of Dennis Skinner's three hour speech — including interruptions — in the House of Commons last Friday has arrived and, apart from being an uproarious read, explains the secret of Skinner's

The very left-wing Labour MP for Bolsover explained that when he worked in the pits he read the Mines and Quar-ries Act 1954 to outwit the ries Act 1954 to outwit the management. "When I became a Member, I thought that, after 21 years, that was the end of it — but then I discovered that I would need a new way of weaving and dodging, and I came across Erskine May. The Mines and Quarries Act 1954 and Erskine May are about

and Erskine May are about the same."
His reading of Erskine May, the bible of parliamentary pro-cedure, was masterly and he may have demonstrated that there is no reason why an MP there is no reason why an MP is chliged to resign his seat on becoming a European Com-missioner. Sir Leon Brittan and Bruce Millan could still be in the House.

### Time warp

■ Sign of the times: at the memorial service for Humphrey Brooke, one time Secretary of the Royal Academy, at St James's Piccadilly yester day, one very old lady was heard to remark to another. "Took who's coming up the aisle. It's the Chancellor of the Exchequer." But it was not Nigel Lawson. It was Lord Thorneycraft, who resigned

# A Golden Opportunity in a Garden Square

33 Golden Square LONDON WI

18,000 50 33 Golden Square office headquarters development in a Garden Square at the heart of London's West End. The development comprises eight floors of air-conditioned offices totalling 18,000 sq ft nett approximately. In addition, adjoining the development, there are fourteen new apartments each with a car space.

a Taylor Clark development

he collapse of Mr John Mac-Gregor, Britain's agriculture minister, at a European Community farm ministers meeting in Brussels on Monday is only the most dramatic evidence of the pressures to which the ministry, and its minister, have been subjected over the last few weeks.

Mr MacGregor was said yesterday to be recovering. Although he did not attand yesterday's special debate on the future of his ministry and the proposed final meeting today of the perliamentary Agriculture Select Committee on the egg crisis has been postponed, he is expected to be back at work shortly. But just to list what Mr MacGregor expected to be doing over three days, in addition to his normal ministerial, parliamentary and constituency work, is to

liamentary and constituency work, is to illustrate graphically the ambattled state of the ministry.

From its normally quiet backwater on the outer reaches of Whitehall, the ministry has been dragged into the political limelight since late November with scarcely a day when it has not made front-page news. Its presence there has centred on the egg affair: pub-lic concern over a new strain of salmo-nella erupted into a major political cri-

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It has been said that the ministry is a wartime anachronism that ought to be abolished

sis when Mrs Edwing Currie, then junior minister of health, deciared on December 3 that most of Britain's egg production was infected with salmo

nella, thereby suggesting that most eggs were infected, too.

The crisis not only provoked Mrs Cur-rie's resignation but a multi-million pound government rescue package (since proved to be under-subscribed) for the egg industry. It has continued to reverberate as new threats to public health, like listeria in food, have emerged into public scrutiny. Since Christmas, controversy has raged over whether or not Britain's consumers are adequately protected, drawing in its wake calls both for the resignation of Mr MacGregor and for the abolition or dismemberment of his ministry. Mr MacGregor already had a well-es-

tablished reputation as a workaholic—
if also as an approachable and likeable
man. He has continued not only to try
to cope with the crisis but to attend to
more normal business too. Thus, just
before Christmas, he led Britain's delecation in accounts negatively as on form gation in separate negotiations on farm and fisharies policies in Brussels as well as attending the mid-term review of the General Agreement on Tariffs and Trade Uruguay Round meetings in Montreal. (Such a lengthy absence of the rather emollient minister may partly explain why the crisis got out of

hand in the first place.)

It is never easy, in the height of a political crisis, to disentangle fact from emotion: this is especially the case with the current furore, since food, a highly emotional issue in which everyone has an interest, is its focus.

Donbts currently revolve around whether the Ministry of Agriculture, Bridget Bloom reports on the difficulties crowding in on Britain's ministry of agriculture

# Hard times for farmers' friend

Fisheries and Food – to give it its full title – is doing a proper job in protecting the nation's food. There are fears that there is a conflict of interest within sels. Much official time – many would the ministry arising from its role as both sponsor of the farmers and the food industry and the regulator of both.

It is alleged, specifically, that the
ministry favours the producer over the
consumer and that, in the specific
example of salmonella, this has made it slow to react to threats to food safety. There is certainly justification for a charge of laxness of reaction to the

threat from salmonella poisoning. Although salmonella enteriditis was Atthough salmonelia enteriditis was realised to be a danger in late 1987, discussions with the industry on a code of practice for poultry producers and feed manufacturers did not start until June and the codes themselves were only published after the crisis had erupted in December. Additionally there have been no prosecutions of offending companies

However, it is less easy to attribute this laxness to one specific cause.
Rather, perhaps, it is the whole aura
and ethos of the century-old ministry
which seems to ensure that it is usually two or three steps behind.

Charges have been laid, for example, that MAFF is a wartime anachronism, mustured in the days when farmers had to be encouraged to dig for victory, and that it ought to be abolished on thet account now.
Those days, of course, have long

icy decisions have been made in Brus-sels. Much official time - many would say too much - has been spent myopically in the devilish detail of common agricultural policy commodity regimes.

Most recently this has involved trying
to tailor CAP regimes to reducing the huge EC food mountains and bringing community spending under control.

As for the charge that ministers have

been in the farmers' pockets: there undoubtedly has been a close and, in the past, cosy relationship between farm ministers and organisations like the National Farmers Union — though the days are long gone, too, when the minister and the NFU President got

together over a gin and tonic to fix farmers' prices for the next harvest.

There is, however, the factor of isolation from the mainstream of British politics which seems curiously to have reinforced relations between the ministry and farmers. Until party recently try and farmers. Until very recently, agricultural issues excited neither much public nor political interest. "Eyes would glass over at dinner tables when you mentioned agriculture," a former junior minister admitted a few months ago, noting that when he was given another joh in a more "central" ministry he was welcomed "back to the

real world, old boy" by colleagues.

At the bottom of today's debate is perhaps the fact that agriculture is beginning to re-enter the "real world"



with a vengeance. Farming Itself is changing, as governments throughout the Community grapple with the notion that instead of needing to grow more, the problem may be the reverse, with as much as a quarter of Britain's land no longer needed for farming. This nescent revolution in agriculture prompted Mr MacGregor recently to warn farmers that they must increasingly be able to compete in a "realistic" market, find something else to produce, or go under. These were harsh words from the man many commentators have dubbed in

recent weeks the farmers' friend.

As for food production, new technology and changing consumer habits have made possible large-scale production of fast foods. (This often puts the farmer, as producer only of the raw material, as much at the mercy of the food processors and manufacturers as the consumer may be.) It is this revolution in both farming

and food production which raises legiti-mate doubts about MAFF as the appropriate ministry for their regulation although there is no unanimity on what should be put in its place.

Both the National Consumer Council and the Institution of Environmental Health Officers called in evidence to the MAFF'a responsibility for food, which is currently shared with the Ministry of Health. Sir Richard Body, former chairman of the Select Committee and a noted opponent of intensive farming, has insisted that the best solution would be the creation of a Densytment would be the creation of a Department of Food and Realth since "as the qual our food and nearth since as the quar-ity of our food is a major determinant of our health, to put the two together would be a rational move."

Other recent singlestions have

included the abolition of MAFF, with food and health standards being hived off to the Department of Health and responsibility for the farmers and fish-ermen moving to the industry depart-ment. Another idea is the creation of a new consumer affairs ministry, which would have in it, or alongside it, some thing like the US Food and Drug Administration, an independent but government-funded watchdog for both

food and medical safety.

There is another possibility, discussed long before the present crisis, which could complement such a body: a ministry of rural affairs. This would sensibly encompass the whole of the rural economy, including not only the farmers and their important environmental and production role, but also the growing importance of non-agricultural rural enterprises being made pos-sible by the revolution in information technology. Such a ministry might make a stab at controlling the interface between a freer market economy, which the government is already encouraging in the countryside, and the need for planning to make sure that there is some real countryside left for an increasingly leisured population to

enjoy.

There is thus much logic in the argument that MAFF has outlived its time, However, it may be quite some time before it goes, if only because the pres-ent government is not one that believes problems can be solved by tinkering with administrative structures, or even abolishing them altogether.

### Inheritance tax

# The gap between rich and poor grows wider

By Cedric Sandford

s the Treasury begins work on this year's UK work on this year's UK
Budget, It is apposite to
reflect on a highly significant
feature of the 1988 Budget,
overshadowed at the time by
the more dramatic income tax
changes — the modifications to
Inheritance Tax.

This tax was extensively changed in the 1988 Budget. A uniform 40 per cent tax was substituted for a structure of four bands with a top rate of 60 per cent, inheritors of a 12m estate were made 1343,000 better off "at a stroke" and the Chancellor, Mr Nigel Lawson, violated the convention that any change in death duties should be by modest incremen-

The reason for this conven-tion is clear. Death duties gen-erally fall on an estate once in a generation, at a rate reflecting this infrequency. Increasing by 50 per cent the net of tax inheritance in the top band contravenes expectations and creates major ineq-uity between the heirs of those uity between the heirs of those who died before the Budget and those who died after. The change was more remarkable in that, until 1998, the Tories had followed the conventional approach, whittling away at the old Capital Transfer Tax with every budget.

These changes also raise the question of graduation — or progression — in the tax system. In the strict sense, Mr Lawson's Inheritance Tax may be said to remain progressive.

be said to remain progressive. A progressive tax is one that rises as income or wealth increases — the larger the estate, the larger the tax. Because of a threshold, the average rate of tax on estates not benefiting from any relief rises as the size of estate increases, but at a diminishing rate. However, the existence of agricultural and business reliefs may change this. The value of agricultural land and buildings owned and occupied by the transferor, and the value of a sole proprietor's value of a sole proprietor's business or partner's interest or a controlling shareholding, is reduced by 50 per cent for tax purposes (making the effective rate 20 per cent). As these are assets which figure more prominently in larger estates, the reliefs may reduce or more

than offset the remaining limited progressiveness of the tax. Mr Lawson justified his reductions in Inheritance Tax on the grounds that they favour enterprise - a disputable interpretation. It is argued that an impor-

tant incentive to enterprise is the desire to hand on a business to one's children. Yet many successful entrepreneurs do not have children or have children uninterested in the business. The incentive of these entreprendurs does not appear to be impaired. A second argument concerns

heavy death ditles. In so far as the husiness is a public company, or is large enough to go public, it is largely insulated from death duty payment by the heirs of its former major chareholder. In molecular transfer to the control of the former major that the control of the former major than the control of the control o shareholder. In relation to smaller companies it is worth quoting the Bolton Committee on small firms: "We are not convinced that the economy necessarily benefits from the retention of control of n busi-ness inside a single family . . . it should not be assumed that the children of a assumed that the children of a successful entrepreneur will necessarily inherit his acumen and energy. Certainly we should not equate a change in management with extinction of

Putting a business on the market on the death of the per-son who was its mainspring should appeal to a market-oriented party. There is a market presumption that whoever pays the highest price is the one best able to put the husi-ness to the most efficient use. Finally, the more an heir expects to receive or actually receives, the less the incentive

to "get on his (or her) bike." The changes in Inheritance Tax in the 1988 Budget are the culmination of a process which has been going on since before 1979. It was Denis Healey, the Labour Chancellor, who intro-duced tax-free transfers between busband and wife in

his Capital Transfer Tax. as well as allowing agricultural and business reliefs. to 23 OECD countries. For almost all countries, the period since 1965 has been characterised by growth in public spending and a rise in taxation as a proportion of gross domestic product (GDP). However, there has been a general decline in the revenue significance of capital taxes. About half the countries have annual net wealth taxes on individuals; if we take together the revenue from these and from capital transfer taxes, the average (unweighted) contribution they make to the revenue of OECD countries fell from 1.61 per cent in 1965 to 0.66 per ceot in 1985; as a proportion of GDP at market prices it fell from 0.42 to 0.26 per cent. By both mea-sures, the reduction in the UK has been much more than this

In 1965, the UK was second only to Switzerland (with a quite untypical tax structure) in the revenue from capital transfer taxes as a proportion of GDP; in 1985 the UK ranked 11 out of 23 - below the OECD average. Moreover, these figures underestimate the change They take no account of the abolition of the Investment income surcharge, the nearest equivalent in the UK tu an annual wealth tax. In addition, developments since 1985 have yet to show up in the statistics - the 1987 Budget cut the rate scale from seven bands to four

and 1986 saw the introduction of Inheritance Tax, with life-time transfers between individuals made tax-free uoless within seven years of death, It is widely recognised that the policy measures of the Con-servative Government have Bigger income inequalities will

widened the income gap between the rich and the poor. generate increased inequalities in wealth. Conservative policy on death duties will accentuate this movement and ensure that the inequalities extend to later generations. And in the longer run, last year's changes in death and gift taxes may prove no less significant than the income tax changes.

\* Taxation of New Wealth, The recent Organisation for Economic Co-operation and Development publication on capital taxes\* presents a 20-year view of the UK in relation

The recent Organisation for Capital Transfers and Capit Capital Transfers and Capitals Gains of Individuals, OECD, Paris, 1988. The author is Professor Emer-

# LETTERS

Agriculture minister John MacGrego

## Less forgiving

From Mr Richard L. Huber. Sir, I read with considerable amazement the article entitled "There is no Alternative to Forgiveness" by Robin Monro-Davies (January 5). My amazement increased when I read the more factual articles on the

the more factual articles on the debt of less developed countries in your January 11 and 12 editions by Stephen Fidler.

While Mr Fidler does not have as cute a turn of phrase as Mr Monro-Davies (I particularly liked the use of Sharlock Holmes), he does point out the numerous successes of the numerous successes of the present "muddling through" approach which totally belie the Holmes allusion if all sug-gestions as to how LDCs should service their debt have been rejected ... we must been rejected ... we must inevitably reach the conclusion that debt forgiveness is the only alternative.

Mr Fidler points out the exceptional performance of Chile, which has not only reduced its external debt by 28 per cent, with the lowest infla-tion rate on the continent, but has been able to transfer many state-owned, terribly inefficient white elephant enterprises to the private sector where dramatic improvements in produc-tivity have been achieved.

Conversely, the unwilling-ness of most of the countries to have the political courage to permit their bloated state enterprises to be sold to the private sector has limited the effectiveness of the debt/equity swap programmes of countries such as Brazil and Mexico. Obviously it is hard for cred-

iters to be pleased by Mr Mon-re-Davies' suggestions happily to embrace the idea of forgiv-ing debts of countries which have been unwilling to even

From Mr John V.C. Butcher.

Sir, Your report of the recent

Treasury review of Govern-

ment statistics (January 18)

says that the Central Statistical Office and the Department of Trade and Industry's Busi-

ness Statistics Office may be

marged. But will the recom-

mendations in the report solve the problem of the "dreadful"

state of UK statistics, which

What is surely needed is the independent scrutiny of official statistics to ensure that if the

you quoted?

Getting the numbers right

bases used, the inputs or the statisticians are likely to be

published information, are concentrated on avoiding

entertain debt/equity swaps at all, or, if such programmes exist, they are designed to be totally unworkable. In essence, the holders of IOUs from LDCs are told that it is unreasonab for them to want to collect them or, at the very least, be able to convert these claims into assets in the debtor countries, many times the same assets that were financed by the original loans.

Finally, Mr Monro-Davies ignores the fact that most of the debtor countries maintain policies so hostile to private capital and market-oriented forces that their own resident have squirrelled away abroad hard currency assets which, in the case of several countries, are estimated to equal the amounts of the total foreign

debt of these countries.
In summary, before following Mr Monro-Davies' facile conclusion that "there is no alternative to forgivene your readers would be better directed to Mr Fidler's less colourful survey of the successes of the pragmatic approach which has been in effect for the last few years. Debtor countries might he more inclined to implement the well-known measures which a few have already begun with such success if observers such as Mr Monro-Davies, some academics and headline-seeking politicians would stop preach-ing the siren song of debt for-giveness, and instead focus on the fundamental steps needed to restructure and modernise

Richard L. Huber The Chase Manhattan Bank, 1 Chase Manhattan Plaza, New York, New York,

invalid, this situation is published. The national accounts

are vetted by the highly regarded National Audit Office which reports to the Commons

Public Accounts Committee.

Its functions should ba

extended to cover official sta-

Without independent scrutiny, it is impossible for the government to resist the

charges that the figures have been massaged. With the real-isation that errors will be pub-lished, the minds of official

### Picking up the bill

Sir, Day by day, bids hostile and agreed are announced. in any bid, accountants, lawyers, merchant banks, printers and others are employed, all at

It would be my suggestion that the costs of failed hostile bids should be paid by the falled bidder. That is an invitation to slap up costs, but per contra it stops unwelcome bids. I speak with some experience as the former chairman of Ruberoid. There were two bids; one hostile, one recommended. I know of other cases where mil-lions of pounds have been spent in successfully defending a situation. None of these costs

### Predictable

From Mr George Book.
Sir, If Michael Skapinker's summary (January 13) of the Ashbridge survey of attitudes to the definition of management competences is accurate, some organisations are reacting to the Management Charter Initiative in predictable ways. Everyone with experience of management training or devel-opment will have encountered the two stock negative responses to their suggestions

of changed and improved prac-tices. These are: "This won't work in our organisation because it's different from any other," or "we're already doing what you suggest anyway."
It was interesting to see both of these old chestnuts so well George Boak Northern Regional

Management Centre, Washington Centre, Washington New Town.

Official statistics are crucial for much public-sector and private-sector planning, so they must be reliable. Sometimes, as with the Retail Prices Index real money is involved if the statistics are wrong. The House of Commons should extend its scrutiny of govern-ment to cover official statistics, in which there is e pressing need to restore public confi-

John V.C. Butcher, Chestnut Heights, 18 Bramble Rise,

### are tax deductible We need legislation or a directive from the Stock Exchange that if hostile blds fail, the bidder should pay all the costs. These are easily evalated, but what is not capable of valuation is the waste of management time and the dis-

ruption of management Lots of chairmen have said to me that they are prepared to support my proposal, but the next question is who is going to implement a discipline on the lines of that proposal?

Thomas Kenny, Lancaster Place, WC2

### In-house independence

From Mr Ronald V. Cowles. Sir, I welcome the conclusions in Mr Hermann's article sions in air hermann's article on in-house lawyers (January 16). However I regret his refer-ences to "staff" and "indepen-dent" lawyers, which tend to perpetuate the misconception that in-house lawyers are less independent than those in pri-vate reaction.

independent than those in private practice.

I am a former chairman of the Law Society's commerce and industry group, and spent the great part of my professional life as an in-house lawyer, including 15 years as head of the British Coal Corporation. on the British Coal Corpora-tion's legal department. At no time did I experience any diffi-culty to detaching myself from the collective decision making to which Mr Hermann alludes; nor did I shrink from giving objective advice to the chief

Most other in-house lawyers with whom I discussed such issues took the same view. An in-house lawyer who fails to maintain his independence certainly does no service to his

Heading a department of 90 lawyers, it was rarely necessary for me to bring in external lawyers. Few in-house lawyers have that capability in terms of numbers or range of expertise. In most cases in-house and external lawyers work together, and that co-operation can be satisfactory only if it is founded on mutual respect. Ronald V. Cowles. Norton Rose. Kempson House,

nomile Street, EC3

PO Box 570,





# Introducing Mauritius. A new Offshore Banking Centre.

The Government of Mauritius is pleased to announce the setting up of an Offshore Banking Centre in Mauritius.

The legal framework of the Offshore Banking Centre is embodied in the Banking Act 1988.

Foreign banks of established reputation or their locally incorporated affiliates which wish to operate in the centre, should apply for an Offshore Banking Licence to the Bank of Mauritius on the appropriate forms which are obtainable on request at the Bank.

Attractive tax incentives have been introduced, various exemptions have been granted and a conducive regulatory environment has been created to ensure that the Offshore Banking Centre will develop successfully.

Banking secrecy law has also been tightened to protect the privacy of customer information.

Mauritius has all the basic ingredients necessary for the development of a

successful international financial centre. it is strategically located, politically stable and has pleasant living conditions. The literacy rate is high at 94% and its population is mostly bilingual in English and French. The country's economy has been performing healthily with an average real growth rate of 6% p.a. during the past five years and has built up substantial foreign exchange reserves. It has excellent telecommunication tacilities with more than 200 countries and the network is amongst the best in the

All applicants and/or enquiries should be addressed to:

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Fax: International Dialling code+ Country code + 08 - 9204.

# De Mita-Montanelli show rolls on and on

Alan Friedman examines the row between Italy's PM and the editor of Il Giornale

N THE hurly-burly world of the Italian media the average duration of a caso nozionale, or nationally publi-cised scandal, tends to range between 72 hours and a week. So well inured to political and financial scandals are the readers of Italian newspapers that it takes a mighty big issue to concentrate the mind.

The recent example of an Italian health minister writing a letter to 20m households telling them that condoms are not safe and urging them to practice chastity in order to avoid AIDS, dominated the front and drugs scandals can last a bit longer, however – in some cases even a few weeks.

It is unusual therefore that

the accusations and counterclaims, lawsuits, threats and verbal missiles that have been lobbed back and forth between Mr Ciriaco De Mita, Prime Minister, and the editor of a Milan newspaper, should be enjoying a multi-month run in the

This is a particularly Italian story and it stars the 80-year-old Mr Indro Montanelli, an iconoclast if ever there was one, and the man who, as editor of Il Giornale, finds himself in open conflict with the Christian Democrat Premier.

Teu days ago, one of Mr Montanelli's reporters – the Rome-based Mr Paolo Liguori woke up to find three carabinieri at his front door with a search warrant and a judicial letter informing him that he was being investigated for alleged links with the Red Brigades terrorist organisation. Viewed in isolation, the case would not seem of such impor-

By Colina MacDougall in London

FOR THE second time in four months, China's central bank,

the People's Bank of China,

has raised interest rates in a move to quell inflation and

tempt the consumers' cash

back into the banks. While this seems likely to be

too little, too late, it marks a

new step in the reform leader-ship's efforts to use indirect

levers such as monetary con-

trols to master the economy. From February 1 interest on

one-year deposits will rise from

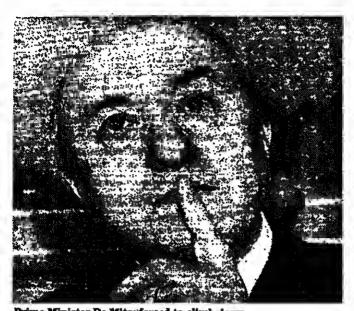
the current 8.64 per cent to

11.34 per ceut, on five-year deposits from 10.8 per cent to 14.94 per cent, and on eight-year deposits from 12.41 per

cent to 17.64 per cent. Two and

three-year deposit rates will

also rise. However, even the



Prime Minister De Mita: forced to climb down

tance but the journalist in question had been stirring up national headlines before national neadlines before Christmas by writing of alleged ties between Mr De Mita's fam-ily shareholding in a bank near Naples and billions of lire of embezzled funds that were supposed to have been used to rebuild earthquake-ravaged vil-lages not far from the Premier's home town of Nusco, in the Mafia-filled mountains of

The reporting gave rise to what the Italian media rapidly dubbed "Irpiniagate". It also placed Mr De Mita in some dif-ficulty, given that the fires were soon being stoked hy members of his own Christian Democrat party who would

Peking raises bank interest rates

highest rate is still less than

the 18.5 per cent rise in China's

Remarkably also, though interest on one-year bank loans is to rise from 9 per cent to 11.34 per cent (the only loan figure so far published), this is

still less than the higher rates

available on the longer-term

ble to make money by deposit-ing borrowed cash back in the

hanks. Nominally, a surcharge

(to rise from the current 20 per

cent to 30 per cent) is applied to expired loans, but the bank's lack of teeth mean this is

Furthermore, sectors such as

rarely applied.

retail price index last year.

away his leadership of the party. Mr De Mita issued the strongest possible denials. But the case did not go away within 72 hours. It began to

Irpiniagate was not the first occasion on which the respected Mr Montanelli found himself at loggerheads with Mr De Mitz. Earlier last autumn the newspaper editor had written a front-page column in which he had compared the Premier to a padrino, or godfa-

The Prime Minister reacted with a libel suit. Yesterday, an unrepentant Mr Montanelli was in the dock in Monza standing trial. "I see nothing

new rates, while projects ear-

marked by the central Govern-

ment as high priority will have their interest reduced by up to

Further inflation is a real

threat, though not the only one, with Yuan 180bn (\$48bn) held by consumers as cash in

hand. The latest figures for

showed a rise of 29 per cent

The ferocious braking of the

economy is also causing prob-lems. "Many branches of the People's Bank have been para-lysed by the severe lack of money," writes the Canton-

based Asian-Pacific Economic

Times in an article reprinted in

wrong with calling him a god-father. I and other journalists have used the terms 'godfather' or 'boss' to describe numerous Italian politicians,"

Like most Italian scandals Irpiniagate did not depend upon any concrete proof. It is enough to air an accusation in the Italian media: a public trial then takes place in the press and the public makes up its own mind years before the case ever reaches a courtmoon.

But Mr De Mita has a few zealots working for him, and one of them, an under-secretary in the Premier's office, began spreading the word that the Irpiniagate scandal was the work of agents in the Italian secret services wanting to destroy Mr De Mita's reputa-

Others suggested that Licio Gelli, the legendary head of the P-2 masonic lodge who is now living in luxurious freedom in Tuscany, was behind the Irpinia leaks. And the Prime Minister was the state of the prime Minister was the state of the ister himself made a serious error by suggesting that some of Mr Montanelli's journalists had taken bribes from his ene-

Indro Montanelli is certainly not a bribe-taker. The author of numerous books on Italy, he is a curmudgeon to some, a right-winger to others, a bril-liant satirist to many, and one of the few truly independent editors in Italian journalism to almost everyone in the profes-

He responded by demanding that Mr De Mita name names. This the Premier did not do. Instead, he climbed down and the aide who had linked it all to the secret services was

We can already smell the

coming stagflation," it declares. "An industrial slump

looms large in 1989." In the big

industrial centres of Shanghai and Shenyang, enterprises are down to a five-day, or some-

times even a two-day, week, because of fund and other

shortages. Factories canno

afford to buy raw materials and department, stores have

The Agricultural Bank,

which finances crop purchase from the peasants, has been

forced to pay with promissory notes which it cannot cur-rently redeem. This is certain

to reduce enthusiasm for grow-ing grain, already a matter of concern because of this year's disappointing harvest.

not the cash to restock.

forced to hand in his resigna-

The Montanelli story erupted again on New Year's Eve when again on New Year's Eve when it became known that he had been banned from appearing on a fairly uninteresting Sun-day chat show on the Christian Democrat-controlled first chan-nel of RAI television. The implication was that another zealot, this time seeking to please the Prime Minister, had cancelled Mr Mootanelli's appearance

It is against this background

that the dawn raid on one of Mr Montanelli's star journalists - the author of the Irpini-agate scandal - must be seen. Last Sunday, Mr Montanelli defended his reporter in a front-page statement, refuting the accusation of "association with an armed band" and saying that the only band he knew Mr Liguori to be associated with was the one that occasionally tosses rotten eggs from the upper balconies of the opera. The defence is doubly significant, because Mr Montanelli himself once survived a

Red Brigades shooting.

He pointed out the strange coincidence of events in recent months which have followed the Irpiniagate scandal: first, the bribery accusations from Mr De Mita, then his banning from a Christian Democrat television network, and now the curious charges against his Rome reporter.

As he wrote in another

article: "Agatha Cristie, who knew of such things, once made Inspector Potrot say that one coincidence is only one coincidence, two are merely two, but three coincidences are

### **Brussels** accuses **UK** tractor industry

By Nick Garnett in London

BRITISH tractor makers and importers have been accused the European Commission of collating and using informa-tion about the British farm machinery, market to act uncompetitively.

The complaint has been

lodged with the Agricultural Engineers Association whose membership includes most of the .30 tractor makers and importers. These include the three principal North Ameri-can manufacturers in the UK - Ford New Holland, Massey-Ferguson and Case-IH.

The Commission alleges that the collection and supply of information on UK tractor registrations, which gives an exact breakdown on market shares achieved by each tractor company, is anti-competi-tive and in breach of the Treaty of Rome's Article 85 on

Information on tractor regis-trations is fed into a computer exchange run by the associa-tion on behalf of tractor suppli-

The Commission also complains that suppliers have been using the information in a specifically anti-competitive way to help reduce "parallei" imports low-cost machines

The association and the trac tor makers, which yesterday seemed bemused by the allega-tions, have taken legal advice and are due to make a counter-submission to the Commis-sion at the end of this month. They were not prepared to make a formal comment yesterday. However, it is likely they will say that the UK mar-

fited farmers.
Some tractor makers believe have widespread implications

have been told by the Commission, for example, that it can publish total sales figures for the UK market but it must

UK and its tractor market. It would be applied to other European Community tractor markets if it was found that the practices it had discovered in the UK applied elsewhere.

used for many years.

# Gratifying gloom from the CBI

From the equity market's viewpoint, yesterday's CBI survey findings could scarcely have been better. The retail sector is plunged in gloom, and industry is suffering its first sharp downturn in optimism since the middle of 1996. But while interest rates are assumed to be hurting the consumer, there is no sign of cutsumer, there is no sign of cut-backs in planned capital expen-diture, and only modest rises are expected in factory gate prices. The survey has been wrong before: the slump in confidence in mid-1986, for instance, turned out to be groundless. But for what it is worth, the implication is that Mr Lawson's medicine is prod-ucing the right combination of ucing the right combination of a slowdown in inflation and the selective suppression of

Yesterday's rise in the FT-SE resterday's rise in the First to a new post-crash high had less to do with all that than with the Dow, which by London's close was pushing back through the symbolic level of 2,246 from which it staged its October 19 collapse. This in turn seems largely due to the warm glow of the Presidential honeymoon, a spot of fresh optimism about the budget def-icit, and some resounding stuff from Mr Greenspan about the need to return to stable prices. As the London market is

well aware, this could quickly evaporate in coming weeks as the real budget haggling starts. The result is a detectable air of nervousness, not helped by the fact that next week's rule changes for market-makers means they can no longer dump stock on their competitors when the wind changes. But if the market looks suddenly unpredictable in both directions at once, at least its participants can no longer complain of boredom.

### Porsche

From the bald figures released by Porsche yesterday it is hard to tell just how hadly It fared during one of its toughest years ever; but what seems clear is that this year will be better. While Jaguar has yet to hit the bottom, Porsche was quicker with its cost cutting, with the result that profits are now rising evan though demand for luxury cars in the US is nearly as bad as ever.

Despite the company's spparent confidence in the future, its decision to hold the dividend is questionable. On yesterday's numbers the pay-out is only one and a half times covered, and even on the best possible assumptions, this Waterford Glass Share price (£) relative to the

FT-A All-share Index

year's earnings will be little more than half the 86/87 figure. Perhaps the family were feel-ing the need for cash and rea-soned – correctly, as it hap-pens – that the balance sheet. could take it.

### Waterford Glass The grand idea was that

Waterford crystal and Wedg-wood china would help each other on to the best tables all over the world. The reality has been a series of disappoint-ments against which any bene-fits of the merger have never had a chance to shine. Yesterday's stunner of accounting errors and resigning hoard directors was the culmination of an unhappy process that started with a fall in the dollar and progressed though every rationalisation mistake in the book. Maybe the new management will put things right, but shareholders who feel foolish to have believed in global place-settings in the first place

may not be so trusting now.

This year the company is most unlikely to show a profit, while next year's earnings may be low enough to put the shares on a fairly fancy multi-ple. Still, as the whole thing is as much about brands as profits, it is remarkable that the company has not already been hid for. The Wedgwood busi-ness has if anything improved since Waterford paid £250m for it two years ago, whereas the combined group is now valued at little more than £300m. The is a little ominous; perhaps this week's near-15 per cent fall in the share price will make the difference

Barclays Bank

While Lloyds and Midland may have gained some kudos by being the first major high street banks to introduce interest-bearing current accounts, Barclays and NatWest have

always had the most to lose if they bungle their attempts to head off the building societies' attack on their core current account business. The danger for all the banks is that they cannibalise their own deposit base by offering attractive interest rates, yet do not win sufficient new business to eff-

set the costs of the exercise.

Barclays' answer to this conuntrum is far more straightforward than Midland's effort, and should appeal to the unsophisticated building soci-ety investor who does not want to pay any bank charges. However, in line with the other clearers, Barclays seems remarkably relaxed about the impact on profitability. If the cost really turns out to be less than the part of its profits. than 5 per cent of its profits, then it is a worthwhile investment; but not even Barclays. knows how many of its cus-tomers will convert to its interest-bearing accounts, and its decision to scrap all transac-tion charges could be a hostage to fortune.

### Unit Trusts

The Unit Trust Association was putting a brave face on its annual figures yesterday, but its optimism is hardly infections. Net new investment of £1.8bn is still considerably higher than in 1983/84 and sales of £7.7bm are not far short of the 1986 figures. But if insurance company purchases of unit trusts for their life policies are stripped out, the small investor was probably a net seller last year. Meanwhile, the decline in the number of accounts is hardly encouraging given that over 100 new mit trusts were launched in 1988, including some notable debuts from Marks and Spencer, Cazenove and Scottish

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Amicable.

The UTA has all sorts of excuses for last year's dismal performance; but after more than a dozen year's of tising UK equity prices, less than 2m investors have been attracted into unit trusts. This is hardly a stellar performance, and it is clear that apart from a few heady periods, such as early 1987, unit trusts are making little progress in siphoning money away from the building societies. Instead of wasting money on a generic advertising campaign, it would make far more sense for the unit trust industry to realise that it has more to gain from working with the building societies than from trying to compete with them head on.

# Bonn forecasts lower economic growth

agriculture and export industries will be excepted from the the China Daily.

THE West German Cabinet yesterday added its volce to widespread market forecasts that the country's real economic growth is set to decline to about 2.5 per cent this year from 3.4 per cent in 1988 - the

highest level reached in the

The projection, contained in the Government's annual economic report for 1989, includes a forecast that inflation will rise to between 2 and 25 per cent this year compared with 1.4 per cent in 1988.

The rise in prices, which partly stems from the planned increase in several consumer taxes, was immediately attacked yesterday by the opposition Social Democratic Party (SPD) and the trade union movement. The decision timon movement. The decision to raise consumer taxes was "the economic policy mistake of 1989", SPD spokesmen said. The Government had also failed in the hattle against mass unemployment, it argued. According to the report, approved by the Cabinet yesterday, the number of those in

work is set to rise by 150,000 this year. However, unemploy-ment will still decline only gradually to 2.2m this year.

The report has also drawn some fire from the Government's own ranks, with members of the Christian Democratic Union calling for further action on the environment and for an acceleration of corporate tax cuts, which they say should be brought forward to this year.

Further details of the report

today. However, a series of leaks over the past week has indicated the broad lines of policy will include a strong commitment to greater flexibility in working hours - an increasingly controversial issue in Germany on both eco-nomic and social grounds.

The Government is emphasising the need for more flexi-bility in working hours both as a means to fight unemploy-ment and preserve German competitiveness in the Eurowill be made public at an offi-cal press conference later pean Community after 1992.

# DISCOVERTHE STRATEGIC OPPORTUNITIES IN EUROPE'S CAPITAL MARKETS

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# Worry over US buyouts

Continued from Page 1
Mr Brady admitted, however,
that Federal budget constraints limited the Bush Administration's ability to pro-vide "fundamental relief from double taxation of corporate

Mr Greenspan, responding to questions at a House Banking committee, said the hottom line on LBOs was not a simple black or white. Nor could the problem be addressed readily through the tax system. How-ever, he retained "considerable concern over the debt aspects of LBOs."

Mr Greenspan, who recently warned banks to examine the prospects for the performance of their LBO loans, is due to give fuller testimony to the Senate Finance Committee. Mr Brady, who led a task force investigating the October 1987 stock market crash, said he had a growing fear "that we are headed in the wrong directiou when so much of our young talent in the nation's financial resources are aimed

at financial engineering while the rest of the world is laying the foundation for the future." Senator Lloyd Bentsen, the Texas Democrat who chairs the committee, said the exploelon of corporate debt was troubling and LBOs had grown tenfold between 1981 and 1987. "But we certainly don't want a cure that is worse than the dis-ease."

**WORLD WEATHER** 

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### Paris bourse reform plan Continued from Page 1 his friend Mr Roger-Patrice

Mr Bérégovoy is due to lay out his proposals for reinforc-ing the COB to the finance

committee of the National Assembly tomorrow. Assembly tomorrow.

The Le Portz committee has been divided on several points relating to the juridical powers of the COB. It is understood that the report recommends that the COB should be given the right to go to court in its own right, but stops short of the "maximalist" demand that the commission should also have power to con-

dect searches. Other doubts focus on COB's funding. Its income comes mostly from a 0.02 per cent levy on share issues and publie takeover offers and from a 0.0015 per cent levy on the assets of mutual funds, which brought in a total of FFr62m

# politicians have argued for a more stable source of financ-ing, including possibly a levy on stock market transactions.

 Swiss authorities yesterday received a formal demand from the US Securities and Exchange Commission (SEC) to block accounts at four Swiss banks in connection with an investigation into insider trad-ing charges in the Pechiney affair, AP reports.

The SEC demand provides a

detailed list of reasons for blocking the accounts, includ-ing the presumption that crim-inal laws may have been violated.

The names of those holding the accounts cannot be dis-closed under Swiss banking secrecy laws. The banks involved are Union Bank of Switzerland, the Cantonal Bank of Vand, the Swiss Popular Bank and the Banca Della Svizzera Italiana, the ministrated

# Quake experts attacked

Continued from Page 1 and sand, softened by a sudden thaw after heavy snow, col-lapsed on to three villages, burying more than 100 homes

mp to 20 metres deep.

The death toil may be less than the first estimate of 1,000, however, because about a third of the inhabitants heard the landslide coming before it hit their village, Mr Gennady Gerasimov, the Soviet government

More than 400 homes and a kindergarten for 300 children

metres south-west of Dushanbe, the capital of Tajikistan, could move again if there were any aftershocks.

were destroyed, according to the reports from Tajikistan. There were also warnings yesterday that the nustable hillsides in the area, 50 kilo-

brought in by other than nor-mal import channels.

In all, about 22,000 fractors were sold in the UK last year.

het is fiercely competitive and that this has been reflected in serious price discounting from time to time which has bene-

the complaint, the main thrust of which is still unclear, could for other sectors, such as the car industry, where detailed market chare figuree are exchanged.
The association appears to

delay publication by one year.

The Commission said the complaint applied solely to the

As a sign of goodwill the association has at least temporarily ceased issuing market share figures. That means that neither tractor makers nor outsiders interested in the industry have access to detailed market share figures they have

# **FINANCIAL TIMES** COMPANIES & MARKETS

Wednesday January 25 1989



### INSIDE

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### Extel hangs up its racing colours



ers in UK betting shops will no longer hold their breathe to the even tones of Extel'a commentator. tion on the day's rac-ing. Satellite vision pictures of both dog and horse racing, bounced daily into betting shops by Satellite have spelt the end of the company's voice and data service after 27 years. Page 30

### Growing pains in Europe's capital markets

Europe's capital markets are not prepared for the growth in demand for securities they will tace over the next few years and thus risk .... missing the opportunity to develop to the size of their American and Japanese rivals. That, at least, is the warning issued today by Arthur Andersen, the accounting firm, in a aurvey ahead of 1992 and the proposed dismantling of European barriers to capital flows. Page 28

### Let insider traders beware



The US rules against ine US rines against insider trading, com-bined with laws against mail and wire fraud and racketeering, have become so tough that those accused-

can rarely risk going to trial. Tough as they are, however, laws against insider trading on Wall Street have been made even stiffer. New measures, among other things, include much heavier prison sentences and fines for culprits. Page 25

### The mouse finds its roar

After e series of ignominious floos the London International Petroleum Exchange's latest attempt to launch a crude oil futures contract has been a roaring auccess, Steven Butter studies the background and concludes that profound changes within the oil sector itself have been largely responsible for the market's change of fortune. Page 32



A record level of comnercial bankruptcies means business is beoming for Forretn-Ings-Forum, one of Norway's leading debt collection companies.

Karen Fossil explains
how it succeeds in squeazing payments from
debtors and the way in which it has snatched business from banks and other credit institu-

### Wave of hire purchases

Far-reaching changes are taking place in Britain's plant hire industry. There has been a wave of acquisitions and since December three companies have announced they are joining the Unlisted Securities Market. Meanwhile, at the bottom end of the scale, entrepreneurial operators continue to break away from existing companies and set up on their own. Page 29

### **Market Statistics**

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Chief price changes yesterday

# Norsk Data dives into red and sacks 800

By Keren Fossii in Osio and Alan Cane in London

NORSK Data, the once high-flying Norwegian minicomputer company quoted in Oslo, London and New York, yesterday announced a plunge into losses and drastic plans to return it to

years - of NKr87Im (\$130.2m), including a non-recurrent charge of NKr600m for restructuring. Revenues showed a 3 per cent growth rate at NKr2.9bn in 1987

The turn-round measures

include dismissing 20 per cent of its 4000-strong workforce using industry-standard technology

The company will also slim down its international operations. Mr Terje Mikalsen, Norsk Data's chairman, yesterday described the situation as

"very serious."

The company said that Mr Rolf Skaar, Norsk Data's founding president, had offered to resign over the slide in the group's fortunes but had been asked by the

He broke with tradition by staying in Oslo for the results announcement rather than meet-

NKr400m annually.

The company is blaming softness in the Scandinavian market-

place, the source of 70 per cent of its business, for its problems, but it has also been a victim of dra-matic changes in technology now sweeping through the computer industry world-wide.

analysts say Norsk Data failed to understand the speed at which computer technology has been

free them from dependence on any one manufacturer. In particular, it failed to move either to systems built from low-cost, high performance standard microprocessors or to systems based on Unix, rapidly becoming tha world standard operating

software system.

year. He said the company had been blinded to the new developments by its previous spectacular

The restructuring plans include the establishment of a wholly-owned subsidiary. Dolphin Computers, which will build industry standard computers using a fashionable technology called RISC, which is completely different from the company's traditional technology had on the

ditional technology based on the use of semi-conductors. Mr Engebretsen said the com-Mr Erik Engebretseo, chief financial officer, said in London that its inability to offer Unix systems had cost it NKr100m in NKr1.35bn. Liquid reserves were lost government contracts last

ber 1986. This was thought to have cut unit production costs, but when the cashflow was not

as expected, the internal investi-gation began.
"When Bob came to me with

his revelations my reaction was shock," said Mr Hayes. "But we

are confident we can rectify

Wedgwood accounts for two

### **IBJ** warned not to break Japan's rules on trading in securities

By Stefan Wagstyl in Tokyo

INDUSTRIAL Bank of Japan, the leeding Japanese back which lest week won membership of the London Stock Exchange, has been warned by the Japanese anthorities not to break Japanese rules on the separation of banking and securities business. The bank, which plans to make markets through a British subsidiary in leading Japonese stocks, has been told by the Mio-istry of Finance to retrain from accepting orders for Japanese

stocks from Japanese clients. Both the bank and the minis-try refused to comment. However, the ministry's move was seen in Tokyo as a sign of the enthorities' determination tu keep tight control over the grad-ual erosion of barriers between banking and securities in Japan. Bankers said IBJ would not

bave applied for a stock exchange seat for its London securities subsidiary, 18J inter-national, without the ministry's prior consent. But by warning IBJ to keep away from dealing in Japanese stocks for Japanese cli-ents, the ministry was seen to be maintaining a long-standing pol-icy of allowing financial compa-nies more freedom of operation

abroad than at home.
Under the terms of Article 65
of Japan's Securities and
Exchange Law, banks are barred
from the securities business in Japan. But the finance ministry, which controls how the law is applied, has allowed banks to appried, has allowed banks to engage in securities overseas— just as it has allowed leading Japanese securities houses to engage in banking abroad. However, under the ministry's guidance, banks have so far been

restricted, as far as Japanese securities are concerned, to bond and equity warrant markets.

and equity warrant markets.

The finance ministry's decision to allow IBJ to take np a stock exchange seat and simultaneously restrict the way it can use it was seen by Japanese bankers as a way of fending off the competing demands of banks for greater access to securities markets and of securities bouses for such access to be limited.

The future of Article 65 is

The inture of Article 65 is under debate inside and outside argue for its abolition, claiming that a world-wide trend to securltisation has eroded traditional lending business. However, secu-rities houses are keen to defend their privileges.

The banks acknowledge that

abolition is unlikely unless the Glass-Steagall Act, which sepa-rates banking and securities in the US, is also scrapped. But Japanese bankers hope to win valuable concessions piecemeal.

### bought in from outside rather than the company's own propri-etary computer hardware and SUCCESS ing industry analysts in London changing and the new demands The restructuring plans or New York. The plans, which seem to have been drawn up since early December, are designed in the short term to cut costs by computer users have been making for standard systems which

WATERFORD GLASS, the Irish glass maker, yesterday warned appeared to be on the mend. In

profitability, including the shedding of 800 jobs. It said its 1988 figures would show a pre-tax deficit — the first time it has gone into the red in 16

it recorded e pre-tax profit of NKr 243m, a decline of 49 per cent on

glass maker, yesterday warned that its 1988 results would be sig-nificantly affected by accounting

errors in its crystal division. The

mistakes have led to the resigna-tion of two board members.

Mr Paddy Hayes, chairman, said yesterday that "the magni-tude of the mistakes could not

yet be accurately quantified."
However, the board now believed
the division's performance was
"significantly below the level pre-

The announcement comes as a

further blow to Waterford, which plunged into a pre-tax loss of

viously expected."

board to stay on to oversee the Waterford Glass gives warning of accounting errors

Despite its previous reputation for indovation and flexibility.

ford Crystal, and Mr Anthony Brophy, until recently group finance director. There was no suggestion of wrongdoing on

Loodon, its shares closed 8p down at 65p last night. An initial internal study inditheir behalf. cated that management accounts had under-estimated production The announcement came as a shock in Dublin, where market analysts suggested that as much as IE10m could be written off costs and consequently over-stated profits. Accountants Peat Waterford's figures. Analysis had been looking for about I£19m pre-tax profits for 1988, but are Marwick McLintock are carrying out an independent review of the financial performance and accounting of the crystal operations in 1988 and, in particunow downgrading forecasts.
At the half way stage the prelar, the valuation of stocks. tax figure was It2.5m, down from Mr Hayes said he had accepted the resignations of Mr Colm

Before this reorganisation the group had suffered badly from O'Connell, chairman of Water-

restrictive labour practices in Ireland and a severe drop in US earnings owing to currency fluc-tuations and a drop in the number of American tourists.

Mr Hayes said the need for a review became apparent in December after Mr Bob Davies, finance director, discovered that the management accounts did not reflect the picture in the crys-

tal manufacturing division.

Waterford's crystal operations were radically restructured, cutting the workforce by a third to 2,100, following the company's £250m acquisition of Wedgwood, the UK china maker, in Novem-

thirds of group turnover, and crystal one third. Peat will also be reporting on the moves to improve the performance of the crystal operations since the restructuring. Lex. Page 22

# Porsche expects rise in profits this year

By Andrew Fisher in Ludwigsburg

PORSCHE, the West German sports car maker which has suffered a fall in sales owing to problems in the US, expects

problems in the US, expects much higher profits this financial year, after a further sharp drop in the year to July 31, 1988.

Mr Heinz Branitzki, the chairman, said net profits would be "well above those of the previous year" but did not elaborate. In 1987-88, profits halved to DM25.3m (\$13.7m) from DM51.3m the third straight year of decline from the 1984-85 peak of DM120m.

However, Porsche held its dividend at DM11 a share for the quoted preference stock and

defin at DM11 a share for me quoted preference stock and DM10 for the voting shares owned by the controlling Porsche and Piech families. Mr Walter Gnauert, the finance director, called 1987-88 "one of the most difficult in Porsche's history."

Porsche's troubles stemmed from heavy dependence on the US, where it was hit in 1987 by the lower dollar and the after-effects of that year's stock market crash. in 1987-88, turnover fell by

Having cut output sharply to reduce its high stocks of unsold cars - down from 13,250 to 6,000 cars in calendar 1988 - Porsche has introduced model variations

in a bid to win back customers.

For the full financial year, Mr Branitzki expected sales to exceed 32,000 cars. That compares with a drop in 1987-88 to 31,400 from 50,000, with a 51 per cent slide in the US to 15,000. In spite of a drop in turnover

in the first five months from DML3bn to DML1bn, Mr Branitzki forecast turnover reaching at least DM2.8bn for the full financial year. As well as selling up to 1.000 more cars — a third of the sales total would comprise new models, already sold out for

# the year - Porsche would benefit from a 40 per cent rise in turn-over from outside customers at its Weissach development centre and from cost-cutting. As for competition in the US from Japanese makers of sports cars like Toyota, Mazda and Nissan, Mr Branitzki said this had to be taken "more than seriously." 27 per cent to DM2.5bn.

# Paris inspires dedicated followers of fashion

Alice Rawsthorn explains why high finance has become increasingly attracted to the world of the catwalk

finance are as far apart as can be. Yet last week the two worlds collided when the Midland Bank became a significant shareholder in Lanvin, one of the oldest fashion houses in Paris.
Midland, or rather its French
subsidiary, is the latest in a long
line of industrial and financial concerns to become involved with Europe's leading fashion houses. It is one of the new gen-eration of investors who regard the frivolous world of high fashion just as they would any other

Mr Bernard Arnault, the dynamic French businessman involved in the tassle over Most Hennessy-Louis Vuitton (LVMH), owns Christian Dior and Chris-tian-Lacroix through Agache, his holding company. Mr Carlo De Benedetti, the powerful Italian industrialist, is a substantial shareholder in Yves St Laurent through Cerus, his French com-

pany.
The rationale for such investments is simple. First, fashion houses can be highly profitable. St Laurent is expected to have made net profits of FFr120m (\$19.1m) on sales of FFr2.5bn in 1988. When St Laurent goes pubfir early next year, Cerus should make a consolidated capital gain of FFr400m in its 1989 accounts by selling a third of the holding it originally bought for FFr255m

two years ago. Second, a stake in a fashion house offers an entrée to the lucrative worldwide market for luxury goods. The large houses couture workrooms. It also looks now make more money from licensing their names for products like scents or spectacles than the business. Lacroix is able to the business are the business and the business are the business and the business are the

stensibly the worlds of different products in different markets. It made about FFr2.2bn, of last year's FF2.2bn turnover from perfume alone. Perfume probably provided FFr300m of its FFr400m operating profits.

Succumbing to the highly profitable lure of haute conture: Bernard Arnault, Carlo De Benedetti and Kit McMahon, chairman of Midland Bank

Equally, there is a simple ratio-nale for the designers to become involved with industrial and financial investors. Historically, high fashion has been a "cottage industry": characterised by a fragmented structure and tradi-

tion of family ownership.

The new generation of investors has introduced professional management, sorely-needed capital and an ability to thrash out tougher deals with licensees.

Lanvin had been floundering for several years before Midland rode to the rescue, Mr Léon Bressier, president of Midland in sier, president of Midland in Paris, perceives the Lanvin name as an "under-exploited asset" and the business as a "turnaround opportunity" which Midland can help by cutting costs and improv-

ing controls. The new investors have not only rescued established houses, they have also helped to create new names. Christian Lacroix is an apt example. He had made his name in the mid-1980s as one of the brightest young designers in Paris while working at the small house of Jean Patou. Two years ago he opened his own house, armed with a £5m investment

from Agache.
Agacho has paid for everything from Lacroix's pink and orange salon on the Rue Faubourg St Honore to the army of skilled seamstresses in his haute couture workrooms. It also looks time when other young designers from fashion.

A successful designer, like St
Laurent, sells licences for dozens

time when other young assigners are still struggling, he already has a string of licences.

Not all the liaisons are as fruitful, however. Mme Grès, one of the oldest Paris houses, has encountered problems with its new Japanese owners. Ague-cheek, the Loadon company founded by Mr Peder Bertelson, a Danish oil trader, is struggling. Yet, as Midland's stake in Lanvin illustrates, the investments con-

tinue apace.
The mainstream textile industry is also becoming more involved with high fashion. The

involved with high fashion. The giant Italian textile groups led the way in the 1970s by encouraging the emerging Milan designers to use their production plants.

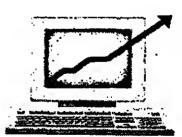
The designers, like Giorgio Armani and Gianni Versace, benefited from the availability of modern manufacturing facilities. Tha textila groups, such as Gruppo GFT and Marzotto, moved into a profitable and prestigious market. Many Paris and London designers now manufac-London designers now manufac-ture in Italy.

Steilmann, the West German clothing company, has followed suit by working with designer Karl Lagerfeld. Kashiyama of Japan is involved with Jean-Paul Gaultier in the Far East. Dawson, the Scottish knitwear group, recently added Donna Karan to its list of US licensees.

The most important question now is whether the new wave of investors will weather the storms of high fashion in the long term. Fashion is notoriously fickle. Paris will be popular one season, Milan the next. The fortunes of designers fluctuate.

A more immediate obstacle for the new generation of investors is that, in Paris at least, the best houses are already involved with investors and licensees. As Midland's Mr Bressler said: "It will be a long time before another name like Lanvin comes along."

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### INTERNATIONAL COMPANIES AND FINANCE

# **Demand for new products** boosts Merck by 32%

MERCK, THE world's largest pharmaceuticals group, lifted fourth-quarter net income by 32 per cent thanks to strong demand for its broad range of \$1.53bn. Earnings per share rose by a quicker 33 per cent to 77 cents, because Merck bought new drugs.
The fourth-quarter perfor-

mance, which capped a year in which earnings grew 33 per cent, confirms the success of a string of new drugs emerging from Merck's research effort. in the course of last year, Merck's big cardiovascular treatment, Vasotec, topped \$1bn in sales and Mevacor, its

drug launch ever. The company, based in Rah-way, New Jersey, said earnings

reclutionary cholesterol drug, enjoyed the most successful

\$1.53bn. Earnings per share rose by a quicker 33 per cent to 77 cents, because Merck bought in some shares. For the full year, earnings

advanced 33 per cent to \$1.21bn on a 17 per cent rise in sales to \$5.94bn. Per share earnings rose 37 per cent to \$3.05. Dr Roy Vagelos, Merck's chairman, said: "Income growth and improved earnings

margins for the year resulted from strong unit volume gains, e better product mix, the con-tinuation of cost controls and

productivity improvements, as well as the favourable effect of

exchange." Sales increases were flattered by strong cur-rencies overseas where Merck does half its business. Adjusting for currency flunc-tations, sales rose 14 per cent in the fourth quarter compared

in the fourth quarter compared with a more rapid 23 per cent in the first quarter, 19 per cent in the second quarter and 16 per cent in the third. Merck said early-year sales were boosted by new product launches, particularly Mevacor in late 1987.

In addition to Mevacor and

Vasotec, Merck said it enjoyed strong sales of Primaxin, its broad-spectrum antibiotic, Pep-cid, an ulcer treatment, and its

### Wall Street firms show contrasting results

By Roderick Oram in New York

TWO MORE leading Wall Street firms have turned in results showing that strong investment banking and other lines of business compensated them last year for weak demand for investments from

demand for investments from retail clients.

Morgan Stanley was able to translete the trend into sharply higher profits while Shearson Lehman Hutton's solid underlying performance was hurt by expensive write-offs that left it with slightly lower exprises

lower earnings.
Shearson, majority-owned by American Express, reported full-year net profits of \$96m, or 81 cents a share, down from \$101m or \$1 on a slightly smaller share base. Profits were eroded by \$165m of pretax expenses from its acquisi-tion of E.F. Hutton last Jannary and a \$100m pre-tax write-down of securities in MCorp, the alling Texas bank. They were partially offset by

a \$33m pre-tax gain from the sale of its interest in McLeod Young Weir, a Canadian bro-kerage house. Full-year revenues rose to

\$10.5bn from \$6.7bn, reflecting in large part the Hntton acquistion. The group achieved record results in investment banking, market making, principal transactions and investment advisory busi-

Second-half results were impaired by a narrower inter-est spread caused by rising short-term interest rates. Nine-month net profits were restated downward by \$30m to correct an overstatement of earnings by The Boston Com-pany. The subsidiary's chief executive was fired at the

For the fourth quarter securities. The previous year's loss included a \$77m charge from underwriting a British Petroleum issue.

fourth-quarter net of \$108.3m or \$4.25 a sbare, against \$31.4m or \$1.16 a year earlier on revenues of \$1.16bn against \$718.3m. Full-year net was \$394.6m or \$15.39, compared with \$230.9m or \$8.99, on revennes of \$4.11bn against \$3.15bm.

Earnings were boosted by the first sales from the company's portfolio of merchant banking investments. But employment and and office expenses rose by 18 per cent to \$1.21bn.

It declared a three-for-two stock split in the form of a 50 per cent stock dividend and increased its cash quarterly payout by 35 per cent to 33.75 cents a share on a pre-split basis.

# NEWS IN BRIEF

 QUAKER OATS, the US food producer, benefited from a strong performance in its US and international grocery businesses in the second quar-ter. Net income was \$41.4m or 53 cents a share, against \$45.5m or 56 cents, but the 1987 results included a non-recurring tax benefit of 10 cents. Sales rose to \$1.35bn from

\$1.23bn.
At the halfway stage, group profits were ahead at \$90.1m or \$1.14, compared with \$86.6m or \$1.08 on sales of \$2.8bn, against \$2.5bn.

· CHASE MANHATTAN, the second largest US bank, would continue to reduce its total loan exposure to developing countries in the year shead, said Mr Willard C. Butcher. He declined, however, to say how much of a reduction the bank

had targetted.
In 1988, Chase reduced its
LDC exposure to \$7.9bn at theyear-end from \$8.6bn at the beginning of the year.Mr Butcher said the reduction had exceeded the bank's goal of cutting exposure to \$8.2bn.

• CITICORP'S equities bro-kerage business which lost money in 1988 will lose money again in the current year, but Citicorp did not plan to retreat from the sector, Mr John Reed, chairman, told analysts. He said they "expect to lose money in the business in 1989,

but not anywhere near the levels of 1988. There will be a significant year-to-year improvement. The equities business lost between \$100m and \$200m in 1988, including a \$60m restructuring charge, Mr Reed added.

• DATA GENERAL, the US computer and peripherals group, suffered a loss in the first quarter and blamed on lower shipments, resulting from a major transition in its

The group reported a net loss for the quarter of \$19-5m, or 69 cents per share. compared with a profit of \$13.8m, or 48 cents, last time.

# Exxon ends year on a weak note

EXXON, THE largest US oil company, yesterday reported a decline of 11.2 per cent in fourth quarter earnings because of weak crude oil because of weak crude oil prices. But an ambitious programme to buy in stock from shareholders cut the drop in earnings per share to just 5 per cent and the company reported overall progress for the year.

The weak fourth-quarter performance, which cut earnings from \$1.55bn or \$1.12 a share to \$1.38bn or \$1.06 was largely \$1.38bn or \$1.06 was largely due to weak prices for the L&m barrels a day produced by Exxon. But the group profited from low crude costs in its

By Karen Zagor in New York

TEXACO, THE giant US oil company, has appointed Mr John Brademas to its board at the instigation of public pen-

sion funds led by the California

Public Employees Retirement System (Calpers).

big step forward in a campaign by some large US institutional

investors to gain e say in the running of big companies.

Mr Brademas, 62, was picked from a list of 14 names submitted by the California fund. He

is president of New York Uni-

versity, the largest private uni-versity in the country, and sits

on the boards of Loews, the

tobacco and hotel concern, Scholastic, the US publishing

company, and Colombia Pic-tures. Mr Brademas will join

Flat quarter

at BellSouth

BELLSOUTH, the largest

regional telephone holding company formed in tha break-up of AT&T five years ago, has reported flat earnings in spite of higher revenues.

Profits were held back by increased expenses attributed

largely to investment in new businesses. Fourth-quarter net was \$419.3m or 90 cents a

share, against \$411.5m or 85

cents on revenues of \$3.58bn against \$3.15bn. Full-year net

was \$1.67bn or \$3.51, against

\$1.66bn or \$3.46 on revenues of \$13.6bn against \$12.23bn.

By Roderick Oram

The appointment marks a

refining and marketing operation, where extremely strong demand for gasoline and other petroleum products in the US sent profits soaring.

Earnings from refining and marketing rose 50 per cent to \$555m, while chemicals profits doubled to \$343m. Better copper prices turned Exxon's relatively small minerals operation into profit. Sales revenues were essen

tially unchanged at \$22.02bn.

Exxon's strong downstream performance allowed it to report a respectable 8.7 per cent profits gain for the year to \$5.26bn. US refining and mar-

the Texaco board at the end of

The appointment fulfills a promise by Texaco to give institutions a voice in the choice of directors. The company made the offer in order to win sharaholder surround during

win shareholder support dur-ing last year's bitter proxy bat-

tle with Mr Carl Icahn, the New York takeover specialist

and president of Trans World

As a result of Mr Brademas'

As a result of Mr Statemas appointment, Calpers said it would withdraw a resolution for e permanent shareholder's committee to monitor Texaco

management. Mr Dale Hanson, chief execu-

tive of the California pension fund, said the agreement does not bind Calpers to vote with

Texaco fulfils board pledge

keting profits grew 20-fold to \$669m and the domestic chemi-cals business doubled its con-

tribution to \$746m.
In contrast, the upstream US operations saw earnings fall from \$1.32bn to \$829m on a decline of \$2.25 per barrel in crude prices. Overseas upstream profits fell from \$2.45bn to \$1.78bn. But Exxon's decision to spend \$4.16bn of its cash to buy in stock from shareholders

pumped up per-share earnings for the year to \$3.95, a gain of 15 per cent.
Sales for the year rose 5 per cent to \$87.5bn, thanks to

launch another takeover bid if he is not satisfied with Texa-co's performance under cur-

rent management.
Should another proxy battle

ensue, Mr Hanson said that Calpers would examine the issues carefully. "We are very diligent and would want to

find out what was in the best interests of shareholders."

interests of shareholders."

In an unrelated move, Texaco also announced the appointment of Mr Charles Price, 58, who will join the Texaco board after completing his tenure as US Ambassador to the UK.

in crude production, 4 per cent in product sales, 9 per cent in chemical sales, 6 per cent in coal production and 35 per cent in copper production.

• Mobil, the second largest IN oil company, reported earn. US oil company, reported earn-US oil company, reported earnings of \$448m or \$1.09 a share from fourth-quarter continuing operations, up from \$522m or 95 cents in the 1987 fourth quarter. Revanues fell modestly from \$14.21bn to \$13.80m. For the full year, earnings were \$2.04bn or \$4.95 a share against \$1.21bn or \$2.96 a against \$1.21bn or \$2.96 a share. Revenues rose to \$54.87bn from \$51.39bn.

# DSM issue price set at Fl 108

AN ISSUE price of Fl 109 per share was announced yester-day for DSM, the Dutch chemicals company being partially privatised in a record FI 1.3bn

The price was on the low end of forecasts — between FI 105 and FI 118 — and apparently designed to stimulate more demand from Dutch institutional investors, who have been dragging their feet. Insti-tutional investors abroad have shown more enthusiasm and understanding of DSM's role in the chemicals industry during a series of roadshows in Europe and the US, according to DSM and Amsterdam-Rotter-dam Bank, leader of the inter-national bank syndicate.

They hope to place about half the 12m shares — one-third of DSM — in the Netherlands and the rest abroad. DSM

Westinghouse in

distribution pact

to establish last year. The products include Wes-

Siematic programmable iogic

Westinghouse said the agree-ment opened a new channel for

its products abroad and for Siemens in the US.
As originally conceived last

spring, the joint venture would have employed some 3,000 people and generated some \$300m to \$400m in annual sales. The talks foundered late last year.

with Siemens

By Roderick Oram

and Amro executives expressed confidence that the flotation would enjoy good demand at the Fl 108 issue price but refused to be drawn on how fully subscribed it appears.

Dutch institutions, including

some of Europe's largest pension funds and insurance com-panies, could play a decisive role in the issue as foreign investors may look to their Dutch counterparts for guidance, eccording to bankers

involved in the issue.

Private investors in tha Netherlands will get preferential treatment even though the privatisation – the biggest in Dutch history – is being pitched primarily to professional ones. Individuals will be guaranteed a certain number of shares, with the number depending on how subscrip-tions materialise.

The issue price reflects a price/earnings ratio of 6.3 and a dividend yield of 4.4 on per-ahare earnings of Fi 17.14 for 1988. Based on an average forecast of per-share earnings of Fl 20.71 for 1989, the issue price amounts to a p-e of 5.2.

The anxiously awaited issue price took on an exotic note as it was announced by Mr Rudolf Korte, Dutch Economics Minister, via a live satellite link from Brasilie. Hie lating shots of undulating women in Rio de Janeiro, where the minister was head-ing e trade mission.

Subscriptions opened yester-day and close February 2. Trading begins on February 6. A second privatisation tranche of DSM is planned for the com-

### US insurer's net premium volume drops by 15.7%

By Nick Bunker

FIREMAN'S FUND, the California-based insurer, pro-WESTINGHOUSE Electric and Siemens have agreed to distrib-ute a number of each other's products in a pact far more modest than the wide-ranging joint venture the US and West German companies had hoped duced graphic evidence yesterday of the cyclical price war under way in much of the US property-casualty insurance The company reported a 15.7

per cent drop in its net pre-mium voluma in 1988 to tinghouse's series C family of molded case circuit breakers and part of Siemens' line of rather than underwriting them at umprofitable prices.

It allowed its pay-roll to shrink more than 10 per cent, from 12,614 in September 1987 to about 11,000 now, due to attrition, consolidation of claims offices and withdrawal

from Massachusetts.
Consolidated net income at
Fireman's for the year was
down 35 per cent at \$235m, or
\$4.51 per share, but the time-

lag between pricing trends and their impact on earnings meant that this reflected declining realised capital gains rather than poorer underwrit-

Net assets per share rose 25 per cent to \$32.75, partly because of a 12.5 per cent reduction in the number of outstanding shares.

The key figure was a worsen-ing in Fireman's combined ratio, measuring claims and expenses as a proportion of premiums. This rose from 108.7 per cent in the last quarter of 1987 to 1118 per cent in the same period last year, with e ratio of 109 per cent for 1988 as

Fireman's Fund officials said they were not now expecting the insurance pricing cycle to turn up before 1991.

## Polysar takeover sends Nova earnings soaring

By Robert Gibbens in Montreal

A LONG and expensive fight A LONG and expensive fight early last year for control of Polysar Energy & Chemical has paid off handsomely for Mr Robert Blair and his Calgarybased Nova operation.

Nova's 1988 net earnings soared to C\$424m (US\$356.6m) or \$1.76 a share from C\$179m or 70 cents on revenues of C\$3.9bn, up from C\$2.3bn.

One of western Canada's

C\$3.9bn, up from C\$2.30h.
One of western Canada's largest energy and petrochemical groups, Nova bought Polysar, the Ontario-based synthetic rubber products' group, for more than C\$1bn last year.

Strong demand and higher prices for primary products and for Polysar's secondary petrochemical products made 1988 an extraordinary year for Nova which is now a major factor in the North American market for ethylene, polystyrene and methanol.

Mr Blair said 1989 would show further gains, and that Nova would pay more attention to improving its US market share. The company has a \$1bn spending programme, mainly to expand its gas pipeline system in Alberta.

### Arco ahead but Amoco Texaco management at the next shareholders's meeting. Mr Icahn, who holds a 16.6 per cent stake in Texaco worth over \$10n, has threatened to have another takacover hid if stagnates

By James Buchan

ATLANTIC RICHFIELD (Areo). ATLANTIC RICHFIELD (Areo), the integrated West Coast oil and gas company, lifted fourth-quarter net income by 17 per cent in spite of weak crude oil prices.

Tha improvement was derived largely from refining and chemicals operations, which enjoyed boom conditions last year.

tions last year.
In contrast, Amoco, the hig Chicago-basad producer, reported essentially static quarterly profits because good "downstream" income falled to offset a fall into loss from exploration, and production.

exploration and production.

Arco earned \$391m or \$2.22 a share in the December quarter, against \$340m or \$1.36 last time. Sales were \$4.62bn against \$4.55bn.
Earnings from Arco's Lyon-dell Betrochemical division to

dell Petrochemical division tri-pled because of strong demand. Although realised crude oil prices were only \$0.90 a barrel last year, against \$12.56 in 1987.

Arco enjoyed its strongest profits since the early 1990s with a 29 per cent rise in earnings to \$1.58bn or \$8.78. Sales rose from \$16.98bn to \$18.82bn. Amoco's earnings for the

quarter were \$375m or \$1.45 a share, a small decline on 1987. Sales were up 4 per cent at

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2.0

For the full year, the group enjoyed a 52 per cent increase in net income to \$2.06bn or \$8.01 on revenues of \$28.93bm against \$22.46bn.

# Johannesburg Consolidated Investment Company, Limited (Incorporated in the Republic of South Africa – Reg. No. 01/00429/06)

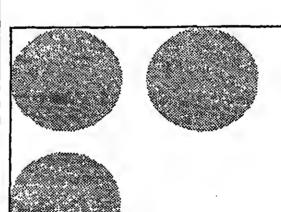
### Highlights from the Consolidated interim results to 31 December 1988

	Six months to 31.12.88 Rm's	Six months.to 31.12.87 Rm's
Profit before taxation	185.4	124.0
Profit after taxation	121.3	102.1
Profit attributable to ordinary shareholders	121.0	137.3
Ordinary dividends	51.6	44.2
Earnings per share	1,641 cents	1,363 cents
Dividend per share	700 cents	600 cents

Interim Dividend No. 126 of 700 cents has been declared payable to shareholders registered on 10 February 1989. Date of payment will be 13 March 1989. (Currency conversion date 27 February 1989). Holders of share warrants to bearer should attend to the terms of a notice to be published late in February 1989.

24 January 1989

The full interim report will be posted to shareholders and copies can be obtained from the London Secretaries, Barnato Brothers Limited, 99 Bishopsgate, London EC2M 3XE.



The Board of Directors of Telefónica de España, S.A., at a meeting held on 21 December 1988 decided to pay an interim dividend for the 1988 mancial year on the shares of their company. Taking into account the tax retentions, the following amounts will be payable on the different shares as

PESETAS Gross Net Share numbers Amount Amount to 861, 250, 627 25. 250, 628 to 861, 879, 170 24.384 19.507 361, 379, 171 to 862, 045, 388 11.644 9.315

The dividend will be paid as from 31 January 1989, and represents use of right N.º 133, taking place in the following manner:

The banks operating with Telefónica de España. S.A. and the Official Stook Exchanges will are notice their own deposits; holders of undeposited securities and banks that do not operate with Telefónica may apply through the head offices, branches or agencies of the following banks: Banco Billhard Vizcana. Central, Español de Crédito, Español de Crédito, Samander Sieguijo-Unión, Caja Postal, Confederador Española de Cajas de Ahorro and Official Stock Exchanges.

dividend 1988 Multiple and variable securities and unitary securities will receive the amount of the dividend. will receive the amount of the dividend. the depositions banks being obliged to prove their existence and payment by means of numerical involving on magnetic support, which they should send to the issuing company together with the charge with the valuation keys in accordance with the specifications set out in the issuers manual of the Coordination Department of the Spanish

Interim

Those without a coupon sheet which are disposited will be stamped when the deposit is cancelled, with a stamp stating as follows:

Stock Exchanges.

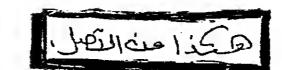
All rights exercised until 31 January 1989". Securities presented at the counter will be

invoiced in the conditions stated above. Multiple and variable securities that for any reason are presented for cancellation on the date on which the dividend becomes payable or

subsequently, will be understood to have exercised this right. For which reason they must be presented duly stamped. The paying banks shall rigourously apply the rules received from Telefonica, both in producing the corresponding charges and in accepting those

proceeding from other banks. Madrid, 11 January 1989 THE BOARD OF DIRECTORS





the most iconoclastic efficient

market theoreticians who

defend trading by insiders bave nothing nicer to say

about stealing information than that it is already illegal

under state law, where it

is hopelessly out of its league

when it comes to detecting and pursuing insider trading by market professionals in

national and international markets. In fact, the SEC and

the Department of Justice have to be both lucky and to work very hard to ferret out Wall

Happily, unlike many of the other likely government Interventions in the takeover market, insider trading prohibitions are probably on balance economic pluses. Allowing the stealing of information is privately and socially very costly.

However, the main advan

tages of stepping up the attack on Wall Street insider trading

are political rather than eco-nomic. In this respect, the

assault on insider trading is reminiscent of President Theo-

dore Roosevelt's crusade

against the "malefactors of

great wealth" in the early

1900s. It reassured an uneasy America that Wall Street titans

were subject to the law 5. In

our time, insider trading hy market professionals and take

overs divide not only rich and

poor, they also divide Wall Street from a large part of the top management of big husi-

In short, until there is more

agreement on takeover policy

agreement on takeover policy, being very tough on insider trading shows pretty good political judgment in two respects. It provides a substitute for a takeover policy and shows the public that Congress and the Administration have a tongh policy against Well

tongh policy against Wall Street wrongdoing.

However, state enforcement

should be left.

Street crime 4

# US gets tough on insider trading

Leo Herzel and Daniel Harris on stiffer laws policing Wall Street

he US rules against insider trading, combined with laws against mail and wire fraud and racketeering, have become so tough that those accused can rarely risk going to trial. Late last year, for example, Wall Street powerhouse Drexel Burnham Lambert agreed to plead guilty to felony charges of securities fraud to avoid a

racketeering indictment by federai prosecutors - which could have led to treble damages and, much worse, seques-tration of assets. As part of the plea hargain, Drexel also agreed to co-operate with the anthorities in the investigation and prosecution of its employees and clients and to pay \$650m in damages and penal-

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But tough as they are, the US laws against insider trading were made even stiffer last November when President Ronald Reagan signed legisla-tion, aimed primarily at Wall Street market professionals'. The measure, among other things, doubles the maximum prison sentence for insider trading to 10 years from five and increases the maximum criminal fine to \$1m from \$100,000 for individuals and to \$2.5m from \$500,000 for corporations and partnerships.

in addition, the law empowers the SEC to seek treble damages against securities firms which knowingly or recklessly fall to establish, maintain and enforce procedural safeguards against insider trading by employees. As a practical matter, this is a modest expansion of the agency's powers. Under prior law, which continues in effect, the agency has the life-or-death power to bar or suspend a securities firm whose employees engage in insider trading, if the firm has been lax in its supervision.

The new legislation also creates a private right of action against persons who trade ille-gally while in possession of material non-public information. To hring a suit, the plaintiffs must have been "contem-poraneous traders," that is, huying when the defendant was selling or vice versa, Damages, however, may not exceed the profit gained or loss avoided by the inside traders or their immediate tippees; and a defendant is entitled to credit for any repayment of illicit profits secured by the SEC. Contemporaneous traders may sue if the defendant mis-

appropriated (for example, by stealing or breach of fiduciary duty) the information from any source. Trading on misappro-priated information is already a crime under the anti-fraud provision of the securities laws and the mail and wire fraud statutes? This provision of the new law is designed to over-turn a court ruling that limited private suits to insider information obtained from the issuer

Although Congress may not have intended it, the language of the new statute appears to be broad enough to permit a private suit for insider trading if the defendant traded while if the defendant traded while in possession of legitimately acquired material non-public information, but in violation of some other securities statute or regulation. Thus, for example, there may now be a pri-vate right of action for insider trading against a trader who fails to report the ownership of stock in excess of five per cent of a target company's outstand-ing stock. In this instance, the non-public information might

Under another provision of the law, the SEC is free to set up a hounty programme to award informants. The legislation also recognises the impor-tance of international securities law enforcement by empowering the SEC to investigate violations of foreign securities laws on behalf of for-eign law enforcement agencies. This provision was designed to give the SEC more bargaining power to obtain co-operation on a reciprocal basis from for-

he no more than the trader's

knowledge of his own stock

eign securities officials. The new measure does not include a statutory definition of insider trading although it in effect has expanded the definition. Congress still prefers to rely on the existing and expanding hody of court cases rather than to risk creating loopholes for inside traders by the adoption of a more rigid

statutory definition.

The new legislation passed without controversy — in the House of Representatives by a vote of 410-0 and in the Senate by a voice vote. It continues a trend toward stricter laws and enforcement against insider trading. A few years ago insider trading by stock mar-ket professionals was almost impossible to detect. Now surveillance using computers has made detection of these viola-

HOBART/MINTOSH

The Quality Paper Company

a Chicago based wholesaler

and distributor of fine papers

and a wholly-owned subsidiary

of Amer Group Ltd. - Amerpap,

has acquired

a wholesaler and distributor

of fine papers

located in Randolph, Massachusetts

The undersigned initiated this transaction,

acted as financial advisor to Hobart/McIntosh Paper Company.

Fredericks Michael

**FLORA 2 LIMITED** 

U.S.\$58,800,000

Secured Floating Rate Notes Due 1993

In accordance with the terms and conditions of the Notes, notice is hereby given that for the six months period from 23rd January, 1989 to 24th July, 1989, the Notes will carry an interest rate of 9.8125 per cent.

The compon amount so calculated will be US\$4,960.76 per Note of US\$100,000 – nominal.

THE LONG-TERM CREDIT BANK OF JAPAN, LTD.

UCB

New York City

& Co. Incorporated

January 1989

... assisted in negotiations and

tions a more practical goal.

But much of the explanation for this enthusiastic push against insider trading is political. Corporate takeovers are more important and more controversial than they have ever been since the beginning of the Depression of the 1930s.

There is, however, no con-sensus on what should be done or why. For some politicians and economists the solution lies in restricting takeover

Revised legislation doubles the maximum prison sentence for insider trading from five to 10 years

activity through changes in tax and other laws. Others, how-ever, want to throttle takeover

Each side is able to muster powerful expert arguments and political support for its views. As a result, Congress and the SEC have been deadlocked. At the same time, the Reagan Administration was torn between its laissez-faire philos-ophy and the public clamour to something. Poignantly, much of the pressure to do something has come from the Administration's warmest supporters in hig husiness.

In this impasse, a crackdown on insider trading provided the perfect solution for Congress, the Administration and the SEC. They could take what appears to be strong and very moral action without interfer-ing very much with the mar-ket. The step has wide support. To the general public and top corporate management, insider traders are rich cheaters -

gamblers with marked cards.

Large securities firms may not like many of the implica-tions of the added regulation, but they are too smart to waste their political capital on defending larceny by their employees. Also, the existing enforcement tools (such as the anti-racketeering law and the SEC's power to suspend or bar securities firms) are so over-whelming there is little practical point in opposing addi-

Almost all of the recent insider trading prosecutions have been against dishonest market professionals who were stealing client secrets. Even

By Robin Allen in Dubai

TWO MORE aluminium smelters are to be built in Guli

states to take advantage of cur-rent high prices and favourable prospects with world consump-

tion expected to outstrip sup-plies for the next five years

and more.

At present there are only two smelters, Aluminium Bahrain and Dubai Aluminium, in production in the Gulf. Qatar is the site for the third, where construction of Doha Aluminium Company's \$1.20n plant, to have a canacity of 240,000

num Company's \$1.200 plant, to have a capacity of 240,000 tonnes a year, could start next June, for completion by 1991. Shareholders include Chi-nese. Hong Kong and US com-panies, as well as Dubat's Bank of Oman, and Qatar Insurance

Company. New York-hased Lloyds International Corpora-tion is to lead a syndicated

loan. British companies led by Balfour Beatty will construct tha smelter. Project manager is the London office of the US's

the London office of the US's Brown & Root.

Cheap and plentiful natural gas from Qatar's ahundant North Field reserves will be an important resource for the smelter. It will be powered by more than 100m cubic feet of

gas a day.
The Doha plant has received an industrial licence from the

government. Estimated cost of construction is some \$750m.

The smelter is expected to come on stream in 1992.

Alujain Corporation of Saudi Arabia is meanwhila spear-heading a plan to build tha kingdom's first smelter, with an annual capacity of 210,000 tonnes, at Yanbu on the Red

Sea. Alujain's shares are to be held by Saudis and nationals

from other countries of the Gulf Co-operation Council – Bahrain, Kuwait, Oman, Qatar and the United Arab Emirates.

The Saudi shareholders are led by Saudi Cable Company, con-

BIL sells US

By Our Financial Staff

BRIERLEY Investments (BIL

of New Zealand has sold Quality Inns, a US hotel chain, for NZ395m (US\$59.9m) to Interw-

est, an Australian tourism company.

Meanwhile Sumitomo Realty
and Development, ona of

Japan's leading property com-

panies, has bought the Mar-riott Hotel in Century City.

west of Loa Angeles, for

hotel chain

Metals duo plan A\$90m mine in Queensland

By Bruce Jacques in Sydney

The partners hope to be in production by the end of the year to take advantage of booming metal prices, making Thalanga one of the fastest-developed base metals projects in the world. This is being made possible by using plant pur-chased in 1987 from the mothballed Teutonic Bore operation in Western Australia.

gene ore and a further 200,000 tonnes of gold and silver-rich gossan. After the first year, production will be at a rate of 550,000 tonnes a year from an underground operation.
Initial ore will be treated on

In Australia.

Pancontinental and Outok umpu are also studying the feasibility of another, and probably larger, base metals project in Queensland called Lady Lor-

# Gold and diamond interests help boost JCI in first half

and manages Consolidated

Murchison, the antimony mine, and Consolidated Metal-

lurgical Industries, the ferro-

The group expects soon to begin development of South Deep, a new gold mine adja-cent to the Western Areas

Net earnings rose to R16.41 a

share from R13.63 and the interim dividend has been

lifted to R7 from R6. Last

year's full earnings were R38.92 and the dividend

• Marievale, the small gold mining and mineral rights

company managed by the Gen

cor mining house, is negotia-ting a merger with Rand Extensions & Exploration

(Randex), an independent explorer. The two companies

say that if a merger is agreed it will be on the basis of stock

Yesterday Marievale was val-

ued at about R180m on the

Johanneshurg Stock Exchange

while Randex was worth

slightly more than one third of

rights interests lie to the south of Johanneshurg and it is involved in a joint exploration venture with JCl to the west of

JCI's South Deep project. Mar

ievale, too, has mineral rights to the south of Johannesburg

and in the Evander goldfield

next to Gencor's four operating

Randex's principal mineral

chrome producer.

property.

totalled R17.50.

market values

By Jim Jones in Johannesburg

HIGHER DIVIDENDS from gold, platinum, diamond and industrial interests and better coal trading conditions helped to lift the interim profits of Johannesburg Consolidated Investment Company (JCI) 9.2 per cent in the six months to December.

The group's two gold mine Randfontein and Western Areas, have been going through a difficult period with lower gold prices. However, the platinum interests, held through Rustenburg Platinum, have henefited from higher nickel prices and favourable exchange rate movements.

The diamond interests, com-

prising a shareholding in De Beers and direct interests in the diamond group's marketing companies, have recorded strong profit growth with record diamond sales. JCI's first-half pre-tax profit, which includes that of the

wholly-owned Tavistock Collieries as well as dividend income from the group's other mining investments, R135.4m (\$56.7m) against R124.0m in the corresponding period of 1987 and R322.7m for the past financial year as a whole.

Interim dividend income increased to R93.4m from R81.2m - in the last full year R234.9m was earned. Apart from its mining interests JCI controls Argus and Times Media, South Africa's two English-language press groups, THE CHIBA BANK, LITA U.S.\$100,000,000 2% per cent. Convertible Roads due 2002

Natice of Issue to the Sharrhaiders Rights to Subscribe for Shares and Expected Adjustment of Conversion Pro-

Exposted Adjustment of Conversion Price.

Pursuant to Clause 7 of the Trust Dood dated 25of December, 1990 with copes to the absence against all that extilde Bonds, our archeories modified as follows. The Chila Band, Life the Bands the States of combiner, on the the Bank of the States of combiner, on the 4d the Bank of the States of combiner, on the register of charecholder of the Bank of 5 p.m. on 19st bound 1995 (Tokyo time) (the Trust district rights to subscribe for 1 pone) new States per each 10 (ten) whose cosmod decision for the first tension of the 15 pone of the first feeling less than Net 1,25n. I, the current date, which is the assenge of the date closing price of the State with Bank of the Boko which is the assenge of the date closing price of the State with the Boko which is the first of the 3d convenience on the first of the 10 convenience of the State of the Iddes of the Idd of such Attendes out to trading does be not right November 1982 and 9th January. 20th November 1982) and 9th January, 1989, respectively as provided it and subsert to the earl line (the ell line of the ell scription) would be from (the March 1989) from the description would be colorable to the state of the state of earlier and the colorable to the state of the state of the state of the line of the form that the following the foll 114 Conversion Patricle by the adjustment Year 1980 hays a Share 121f omercian Price alter adjustment: Yru 7 (L.1 per Shri)

(3) Effective Pare of the adjustment | | International | | Int February | Paper THE CHIRA RANK, LTD.

Dated: 17th January, 1989

New Zealand Forest Products Figure N. 15%% Guernsteed Bands Dur 1912

The Rate of Exchange, as defined of Condition to be on the discrete color of Bands, apply able to the Conjournal January 11, 1982 from the of leaders 18, \$11517 for each \$27 Boffer Park Cyre

MURICANGE CRANTS TREST COMPANY Dated, January 25, 1989

> SABRE IV LIMITED US\$100,000,000 Floating Rate Secured Notes due 1892

For the 6 months period 23rd January, 1989 to 24th July 1989 the Notes bear the Interest Flate at 694% per annum. US\$4,929.17 will be payable from 24th July, 1989 per US\$100,000 principal amount

YAMAICHI INTERNATIONAL (EUROPE) LIMITED **Acoust Bank** 

PANCONTINENTAL Mining the Australian resources group, and its Finnish partne Outnkumpn Australia have agreed to spend A\$90m (US\$78.8m) developing a new base and precious metals mine at Thalanga in northern

The partners plan to begin with an open pit operation to win 520,000 tonnes of super-

site to produce separate cop-per, zinc and lead concentrate which will be sold to smelters in Japan, Korea, Europe and Pacific Rim countries with small amounts also marketed

US banks in Brazil lease move

By John Barham in Sao Paulo CHASE MANHATTAN Bank and Citibank of the US have

<sup>1</sup> The Insider Trading and Securities Fraud Enforcement Act of 1968, Public Law 100-704, 102 Statutes 4677. <sup>2</sup> United States v Newman, 664 F.2d 12 (2d Cir. 1983). \* Moss v Morgan Stanley Inc.

719 F.2d 5 (2d Cir. 1983). See: Herzel and Harris, Fight ing Crime on the Street, Financial Times, September 15, 1988. See: G. Kolko, The Triumph of Conservatism (Free Presa

The authors work for Mayer, Brown & Platt, the Chicago law firm.

trolled by Jeddah's Kenel Industries, itself owned by the Ali Reza family. Alujain will retain 60 per cent of Alusa, the

smelter's operating company, with the balance to be offered

Alujain has signed a memo-randum of understanding with

France's Aluminium Pechiney

for Pechiney to provide the technology as well as manage-ment services. Project manager is to be Bechtel of the US. Mor-gan Grenfell, the British mer-

chant bank, will act as finan-

discussions had reached an advanced stage with a number of European, Japanese, Austra-lian and US companies aimed at obtaining long-term officke

and supply agreements - both for the import of alumina, refined bauxite, and the export of Alujain's refined aluminium

Some are sceptical that the smelter will be viable, saying it could be hampered by the lack of gas because of the strict lim-

of gas occause of the strict imits imposed on the kingdom's crude oil production by its Opec quota, as well as of non-associated gas. All the available ethane is taken by Saudi Basic Industries Corporation (Sabic) to use as feedstock for its autochosical plants.

other gases could be used to power the smelter hut they would be several times more

expensive than ethane. With-out cheap and plentiful gas the kingdom would lose its com-

kingdom would lose its com-petitive edge.

They add that the financial benefit of exporting aluminium products in a seller's market could be offset by the cost of importing alumina and the lack of existing power capacity at Yanhu. The government is expected to pay for the extra power capacity needed to accommodate the smelter.

NOTICE OF INTEREST RATE

To the holders of

BankAmerica Corporation

Floating Rate Subordinated Capital Notes Due Octaber 1999 CUSIP 866058 BG S

CUSIP 968050 BG 8

Pursuant to the provision of the Notes is used under the Indenture of BankAmerica Corporation dated as af June 15, 1981 as amended by the Second Supplemental Indenture dated as of September 30, 1987, the rate for the period from January 24, 1989 up to and including April 23, 1989 in 10.8.5%. The amount of interest payable on April 23, 1989 is U.S. \$2,565.25 for each \$100,080 principal amount of the Notes.

January 20, 1989

Manufacturers Hanover Trust Company, as Calculation Agret

Alujain said last week that

to foreign investors.

cial adviser.

Gulf to get two more

aluminium smelters

The Government had to introduce special legislation for the operation, allowing forled a \$461.5m syndicate to bny and lease back equipment to a steel mill owned by the Brazil-ian Government, in the couneign hanks' frozen central bank credits to be channelled to leasing companies belonging try's biggest ever leasing oper-

A Chase Manhattan executive said negotiations with the Brazilian Government took two and a half years. "The operation is a disguised form of relending," he added.

Brazil suspended conven-tional relending mechanisms as part of its new anti-inflation Summer Plan. Relending would have allowed foreign banks to lend \$1.8bn of their Aco Minas Gerais (Acominas), Brazil's fifth-largest steel company, will pay if per cent over London interbank offered rates (Libor), the same as the interest due of the Brazilian frozen central bank assets to domestic borrowers. The

Acominas operation was approved before relending was suspended. Acominas will use the interest due on the Brazilian money to build a rolling unit that is 10 years overdue. external debt, plus a further, undisclosed, spread. Acominas

**Bank of Montreal** 

U.S.\$250,000,000 Floating Rate Debentures, Series 10, due 1998 nated to deposits and other liabilities)

Notice is hereby given that the Rate of Interest for the six month period 25th January, 1989 to 25th July, 1989 has been fixed at 9.55 per cent. The amount payable per U.S.\$10,000 Note on 25th July, 1989 will be U.S.\$480.15 against Coupon No. 6.

Morgan Guaranty Trust Company of New York

US. \$100,000,000

### VereinWest Overseas Finance (Jersey) Limited

Floating Rate Notes Due 1991

secured on a deposit with

Vereins- und Westbank

Aktiengesellschaft

Interest Rate

9.525% p.a.

Interest Period

25th January 1989 25th July 1989

Interest Amount per U.S. \$10,000 Note dua 25th July 1989

U.S. \$478.90

**Credit Suisse First Boston Limited** Agent Bank

Notice of Early Redemption U.S. \$500,000,000



The Republic of Italy Floating Rate Notes due 2005

Notice is hereby given in accordance with Condition 7(b) of the Terms and Conditions of the Notes, that all outstanding Notes will be redeemed at their principal amount on February 28, 1989 when interest on the Notes will cease to accrue. Payment of Principal together with payment of interest in respect of Coupon No. 42 will be made in accordance with Condition 6 of the Terms and Conditions of the Notes, at the offices of any of the Paying Agents who are listed in the Terms and Conditions of the Notes.

By: The Chase Manhattan Bank, N.A. London, Fiscal Agent



January 25, 1989



# BRISTOL & WEST £100,000,000 Floating Rate Notes 1992

Notice is hereby fiven that the Rate of Interest for the three mouth Interest Period commencing on January 24, 1989 has been fixed at 134% p.g. and that the interest payable on the relevant Interest Payment Date, April 24, 1989, in respect of Coupon No. 13 will be 2163.36 per 15,000 Note.

& NatWest Capital Markets Limited Agent Benk

BANCO HISPANO AMERICANO SA

INTERNATIONAL DEPOSITARY RECEIPTS REPRESENTING BANCO HISPANO AMERICANO SA SHARES OF 500 PESETAS EACH Banco Hispano Americano SA has declared a dividend payable against the following coupons.

Coupon no 8 payable at 25.00 pesetas per share Coupon no 9 payable at 20.50 pesetas per share Coupon no 10 payable at 28.00 pesetas per share Coupon no 12 payable at 36.00 pesetas per share Coupon no 12 payable at 44.00 pesetas per share Coupon no 13 payable at 56.00 pesetas per share

The Depositary will pay the equivalent proceeds in sterling less taxes as applicable against presentation of the respective coupons. The coupons will be paid on or after the 5th February 1989 and must be lodged at least three business days prior to payment.

MORGAN GUARANTY TRUST COMPANY OF NEW YORK

**LIVES XIV Limited** (Incorporated with limited liability in the Cayman Islands)

U.S.\$20,000,000

Series B

Secured Floating Rate Notes due 1992

Notice is hereby given that for the period 23rd January, 1980 to 21st July, 1989, the Bonds will carry an interest rate of 9.79250% per annum, with a coupon amount of U.S. \$48,090.49 per U.S. \$1,000,000 denomination, payable on 21st July, 1989.

Bankers Trust Company, London

Agent Bank

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Torgeir Stensrud: Forretnings-Forum's managing director appears the archetypal debt-collector

# Norwegian debt collector calls an end to euphoria

Karen Fossli on the price to be paid by those involved in Norway's rising commercial bankruptcies

s commercial bankruptcies in Norway reech their highest-ever levsiness is booming for Mr Torgeir Stensrud, managing director of Forretnings-Forum, a leading Norwegian debt col-

After two years of record losses on loans for banks and other credit institutions, Mr Stensrud's line of work has become essential to Norwegian business life. Mr Stensrud has the formidable stature of the archetypal debt-collector but, despite his imposing presence, even his company is having problems squeezing blood from

According to Mr Stensrud, at

the beginning of last year Forretnings Forum was able to pry repayments from 90 per cent of its clients' debtors. That figure has lately slipped to 70 per

Recent official figures show an 81 per cent increase in Norwegian bankruptcies in 1988 from the previous year. Problems with Norway's off-driven economy since oil prices fell in 1986 have forced the minority Labour Government into a tight monetary policy and a restrictive policy on wage increases. The euphoria of mega petro-bucks had allowed Norwegians to live beyond their means for years. And the banks were guilty of credit pol-

icies that were too relaxed. Somewhat uncomfortably, Mr Stensrud, a Conservative Party supporter, traces the root of the problem to 1985 and the Conservative Government of Mr Kaare Willoch, who dere-gulated the banks, allowing rapid expansion and leading, in the end, to an over-heated and

over-competitive financial ser-

over-competitive financial services environment.

This belief was echoed recently by the new executive management of Dan norske Credithank (DnC), the Norwegian bank hardest hit by losses on loans and guarantees. In DnC there was no "scrutinisation of loans" and a distinct "lack of

accountability," they claim. Mr Stensrud believes that Norway's bankers have limited international expertise and understanding and that too many banks retain old-guard managements that should long since have been removed.

Massive spending on luxury items has sleep found private.

items has also found private individuals unable to "pay to play," and companies in these types of businesses have been

types of businesses have been forced to close up shop, unable, in turn, to repay their debts. However, Mr Stensrud claims that the *de facto* number of Norwegian bankruptcies last year is likely to have been around 12,000, rather than the official 3,494. "There is a very

large group of bad debtors which is not listed in 'official' computer statistics," he says. These are known as "grey bankruptcies," in that when they go bust they either disappear or have no assets worth seizing. For a collector such as

seizing. For a collector such as Forretnings Forum, they are not worth pursuing; expenses would never be recouped. They are thus not taken to court and avoid being listed among "official" bankruptcles.

Forretnings-Forum is seeking some NKr100m (\$15m) from "official bankruptcles," of which approximately 90 per cent are commercial, and bad debtors. Claims total more than 120,000, of which 40,000

ore "last reminders."
"One of the main problems of many creditors is that they do not have the means to me their had debtors in court," says Mr Stensrud R is especially a problem for fereign creditors. However, Forretainment, and soon in the control of the court of ings-Forum will soon imprave its service to foreign creditors through cross-border co-opera-tion with the Amsterdam-based Intrum Group, of which it is to become a anosidiary. The

become a anbsidiary. The Intrum Group is Europe's largest debt-collecting agency.

Mr Stensrud has been appointed managing director and chief executive officer of Intrum International cross-forder operations.

### **Bass Charrington Limited BASS PLC**

UA 30,000,000 7% Bonds 1991

Notice is hereby given that, in accordance with the Terms and Conditions of the above-mentioned loan, Bonds for the principal amount of UA 5,250,000 have been drawn, in the presence of a Notary Public, on January 12, 1989 for redemption at par on March 1, 1989. The following Bonds have been drawn and may be presented to Kredietbank S.A. Luxembourgeoise or to other Paying Agents named on the Bonds:

> Bonds surrendered for redemption should have attached the coupon due on March 1, 1990. Coupon due on March 1, 1989 should be detached and collected in the usual manner. Amount outstanding: UA 9,750,000

Bonds previously drawn and not yet presented for redemption:

Luxembourg, January 25, 1989



# Fiat claims highest W European sales

By John Wyles in Rome

ITALY'S FLAT group yesterday announced a 23 per cent rise in operating income in 1988 and formally declared itself to have been the leader of the West European car market, with total sales there of 1.93m

Making this claim in his let-ter to shareholders yesterday. Mr Gianni Agnelli, Flat presi-dent, said that the company dent, said thet the company had raised its West European car sales by 9.8 per cent to take a 149 per cent market share. Some industry estimates recently reported in the Finan-cial Times have placed Volkswagen narrowly ahead of Fiat at the head of the sales league, but the final outcome of the head-to-head battle between the two producers will not be known until official figures are in from all markets in about

three months.
Fiat's record operating profit
of L3,820bn (\$2.8bn) came out of a 16 per cent increase in turnover to L44,500bn. Mr Agnelli reported that demand for the company's main prod-ucts had been "brilliant" and that the operating profit had risen from 8.4 to 8.6 per cent of total sales.

The company had invested more than 11 per cent of its sales revenue preparing to meet future challenges through expenditure of L1,600bn on research and L3,350bn on plant and equipment. At the same time, the group's financial position had strengthened from a net bal-ance of L180bn at the end of

14,000 people had been recruited during 1988, including former employees who had been laid off. Referring to the departure in November of Mr Vittorio Ghidella from his post as managing director of Flat Auto, Mr Agnelli repeated that this had been due to differences over the role of Flat ences over the role of Fiat Auto and that Fiat was "an industrial holding and the direction of all the activities of the group must remain inside that holding."

Flat Auto continued to domi-nate the group's activities last year after a 14.1 per cent rise in sales to L25,267bn — at 56,3 br cent, a slightly lower propor-tion of the group's total trin-over than in 1987. Total car sales climbed from 2.04m in 1987 to 2.29m, while employment in the company rose by 857 to 130,675. Lancia sales exceeded 200,000 units for the first time, rising by 5.8 per cent to 210,000. In its second year under Flat, Alfa Rother's sales

leapt 21.6 per cent to 142,000.
Elsewhere in the group, vehicle components subsidiaries recorded a 26.1 per cent rise in sales to L3,331bn - an increase that, in percentage terms, was exceeded only by two very much smaller

• Flat yesterday made two international appointments to its board. Desische Bank, which owns about 25 per cent of Flat, will be represented by Mr Ulrich Weiss, a bank execu-tive. Mr Antoine Riboud, chair-man of BSN, the French foods 1987 to L2,000bn at the end of group, also becomes a director.

BSN holds 20 per cent of Ifil
Overseas sales had risen by Partecipazioni, an Agnelli fanily holding company.

### German Co op abandons plan to buy into Phora

a sman stamment poset atmo, video and photographic chain. Phora, which is family owned, has annual sales of some DM200m (\$109.2m) and would have complemented two smaller companies in the same field breath two companies. field bought by Co op in late

Although one of last year's most acquisitive German companies before its difficulties came to light in October, Co op has lagged behind some of its competitors in expanding into the audio-video business. which has seen some of Ger-many's liveliest high-street takeover activity as store groups have jockeyed for market share.

ket share.

"The preservation and expansion of the group's available potential and the speedy resolution of its weak points takes priority in view of the present situation," Co op said. The agreed purchase price for Phora has not been disclosed, nor any terms for its change of policy. However, Phora will now take management control now take management control of Co op's two existing audio-

By Haig Simonian in Frankfurt

CO OP, the troubled West
German retailing chain now majority-owned by a group of international banks, has taken its first small public step towards restoring its finances. It has reversed a decision made last September to buy a 75 per cent stake in the Phora Group, a small Mannheim-based audio, video and photographic chain. Phora, which is family owned, has annual sales of some DM200m (\$109.2m) and would have complemented two smaller companies in the same fall bewirth the Co operations.

Separately, the Federal Cartel Office last week officially approved the restructuring of the companies in the same of the companies in the same operations.

Separately, the Federal Cartel Office last week officially approved the restructuring of the companies in the same of the companies of the companies

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op. The six banks have now received a copy of the auditors' report on Co op's finances and have agreed to support the company, provided that all Co

company, provided that all Co op's other creditor banks, numbering about 100, maintain their credit lines, they said.

Meanwhile, details of a new permanent managing board to replace Co op's "interim" directors appointed in December, when its previous three-man team was eacked, have still to emerge. A supervisory board meeting is to be held by the middle of next month, followed by a presentation of the definitive auditors' report and "further measures for reshaping the company," to all creditor banks during the second half of the month, according to Swiss Bank Corporation and DG Bank, which are leading the six-bank pact.

# Scor sees 7% profits rise

By George Graham in Paris

SCOR, THE leading French Paris parent company and the reinsurance group, expects to report net consolidated profits of FF1220m (\$35.3m) for 1988, a gain of 7 per cent on the previ-

ous year.

Mr Patrick Pengeot, Scor's chairman, said the improvement in the reinsurance market experienced in 1986 and 1987 had begun to wane last year, with competition on premium tariffs becoming much fiercer. This year was expected to show, at best, static income.

Scor's gross pramium income in 1988 is expected to have totalled around FFr6bn. After retrocessions, the group's net engagements reached around FFröhn, with some 60 per cent accounted for by the

remainder by its oversess sub-

Mr Peugeot said the group had now put the operational side of its French activities under a new subsidiary, Scor Reassurance, leaving Scor itself as a bolding company for the group.

the group's capital base is now FFr2.4bn. State-owned institutions and insurance 78.78 companies now control 58.73 per cent of its equity, with the Aza Midi private-sector insurance group and a number of mutual insurance companies controlling most of the rest of its shares. The plan of the instright-wing government to pass Scor into the private sector now appears to be abandoned.

# Greenspan speech lifts Treasuries

By Janet Bush in New York and Katharine Campbell in London

TREASURY bonds ing inflation. yesterday moved sharply higher, reflecting a stronger dollar which rallied on remarks by Mr Alan Greenspan, chairman of the US Federal Reserve, which under-scored the central bank's commitment to fighting

commitment to fighting inflation.

By midsession, hond prices were quoted as much as % point higher at the long end of the yield curve and the yield on the Treasury's benchmark long bond fell to 8.77 per cent.

Mr Greenspan said that current inflation rates were too high and would have to be brought down, and indicated

brought down, and indicated that the Fed was erring on the side of tightness in order to pre-empt an intensification of inflation pressures.

There was little surprising in the chairman's testimony but the tone was aggressively anti-inflationary.

inflationary.

A feeling that higher US interest rates may be needed to bring inflation down prompted a strong rally in the dollar, which offset any negative sen-timent about higher interest rates in securities markets and encouraged rallies in both bonds and stocks.
The bond market appears

increasingly to have dis-counted higher interest rates and its resilience recently seems to reflect confidence in the Fed's commitment to fight-

Water Work of the William William State of the State of t

Another positive factor for Treasuries yesterday was the release of the fourth quarter Employment Cost Index, which measures hourly earnings, benefits and salaries, and therefore gives the most complete picture available of wage

The index increased by 1.0 per cent, lower than forecasts of a 1.4 per cent gain.

THE UNUSUAL decision by the Japanese Ministry of Finance to postpone from yes-terday the February offering of

terday the February offering of 10-year government bonds to the underwriting syndicate disappointed the market.

Traders had been hoping for a coupon of 4.8 per cent, while the MoF was believed to be after a lower 4.7 per cent, unchanged from the rate on languages.

January's issue.
So a weaker dollar and the drop in oil prices failed to push prices sharply higher.
Still, the No. 111 benchmark bond did recover from Mon-day's weakness to close yield-ing 4.795 against 4.84 per cent the previous day.

The ministry's decision may

stem from purely technical But there was some specula-tion that officials may be hold-ing their fire and hoping for

another US-style variable rate 28-day repurchase agreement.

for February 3.

THE Bundesbank announced

calmer conditions in the

run up to the meeting of finance ministers and central

bankers of the Group of Seven

industrial nations scheduled

GOVERNMENT BONDS

An earlier facility of DM16.5bn An earner lacinty of DM16.5on expires from the market today. At the morning fixing on the bourse, prices were set between 10 and 15 pfennigs firmer, as a weaker dollar and sentiment that domestic rates had peaked for the moment contributed to firmer terms. contributed to a firmer tone.

UK ECONOMIC statistics released yesterday, while sug-gesting a slowdown in the economy, did not unduly impress the market.

The CBI survey indicated a more pessimistic manufactur-ing outlook and building soci-ety lending rates for December

were down to £2.2bn for December compared with £3.5bm for November.
But neither set of statistics

is seanonally adjusted, and the market took them on board

with due caution.

The CBI forecast had in any case been leaked last week and was substantially discounted.

Some Continental European institutional interest was reported during the morning, as investors took advantage of

a currency window as sterling dipped briefly to DM3.245. The market was not much changed on the day, with the benchmark treasury bond a point firmer, and some shorts up to 🖟 higher.

THE IRISH government bond market has moved ahead 2½ points since last Friday, so that the benchmark 8% per cent bond due 2010 now yields 8.33

per cent.

Traders said that the new year fall had been excessive, and buying interest had been generated because the market now looked relatively cheap

compared with, say, the French market. The Irish budget is due today, and market expectations are for a continuing broadly deflationary stance, with an Exchequer borrowing requirement of about I£1bn.

RENCHMARK	GOVERNMENT	RONDS
	GOTTE CALLET	501125

	Сопров	Red	Price	Change	Yleid	Week ago	Month
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US TREASURY .	8.875 9.000	11/98	99-16 101-30	+9/32 +16/32	8.95 8.81	9.05 8.89	9.05 8.94
JAPAN No 111 No 2	4.600 5.700	6/96 3/07	98.8321 109.0494	+0.352 +0.211	4.78	4.81 4.77	4.57 4.75
GERMANY	6.750	8/96	100.6250	+0.075	6.68	8.69	0.56
FRANCE BYAN OAT	8.000 0.000	10/93 5/96	97.7375 105.7800	+0.001	8.58 8.56	8.50 6.63	8.60 6.61
CANADA *	10.250	12/98	101.6250	+0.250	9.98	10.08	10.09
NETHERLANDS	6.7500	10/98	100,3750	-0.025	6.77	8.74	6.58
AUSTRALIA ·	12.500	1/98	97.5769	+0.368	12.95	13.12	12.90

### Euro-clear to launch Japanese share service

By Stephen Fidler, Euromarkets Correspondent

EURO-CLEAR, the Brussels-based clearing system for inter-national securities, said yester-Euro-clear, operated by Mornational securities, said yesterday that it would begin clearing and settlement in Japanese shares from

February I.

About 440 Japanese shares will initially be eligible, increasing the coverage of the increasing the coverage of the system's equities service, launched almost three years ago, to nearly 2,000 equities listed in 15 countries. All the

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Omron Tateki 24, 02 US. 487 1310. 21214 21314 -314 -2.35
Ranks Koris 44, 03 6. 11,68 3.5 113 114 +014 2.65
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Texas Inst. 24, 02 US. 987 82.87 743, 7534 -014 48.17
W.R. Grace 64, 02 US. 987 42.12 83 84 -014 29.55

\* No information available-previous day's price

gan Gnaranty, the US bank, already handles most of the international settlements of Japanese equity warrants and convertibles. The Bank of Tokyo and the Industrial Bank of Japan, already Euro-clear depositaries, will be depositaries for Japanese shares.

More than 2,400 institutions use Euro-clear.

	FT	INTE	INATIO	DNA	L BOND SERV	ICE			
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PLBATING RATK
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DELITSCHE MARK

STRAIGHTS

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### **HKSE** studies penalties for late deliveries THE HONG Kong Stock

Exchange is considering a new system for penalising brokers who are late in delivering share certificates, reports

Mr Chan King Wa, head of operational services at the exchange, said the proposals would give settlement departtigate complaints of late delivery and impose fines on

brokers. Exchange rules require brokers to settle trades within a day of their execution, but the lack of a computerised clear-ing system in the territory and difficulties in transferring share certificates from over-seas can delay delivery for

days. Mr Chan said that under current rules the exchange staff must prepare a case against a broker accused of late delivery and present it to the exchange's disciplinary committee, which then decides what, if any, penalty to impose. Mr John Seto, head of the

exchange council's trading, settlements and commission snb-committee, blamed the problem of late delivery on the one-day settlement rule. He said the requirement was so impractical that some brokers just delivered shares at their own convenience.

Mr Seto said his subcommit.

tee hoped to introduce settle ment rules with enforceable penalties, but added that any change would take into account the difficulties brokers sometimes have deliver-ing shares from overseas.

He said the settlement period would remain one day, but brokers would be given a grace period during which no penalties would be imposed. Mr Seto refused to disclose the length of the proposed grace

The introduction of a new discipline system for late delivery would be a step in the denvery would be a step in the exchange's plans to revamp its entire settlement operations, he said.

The exchange is developing a computerised clearing system that is expected to begin

partial operation in the third quarter of 1990. The clearing system is being designed to accommodate a longer, flexible

settlement period. Mr Chan said the proposed discipline system had to be approved by the exchange's council and the Government.

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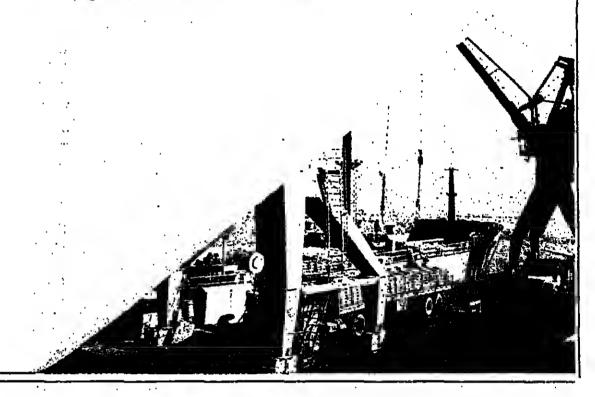
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# Dollar optimism pushes Eurobond prices higher

By Norma Cohen

US FEDERAL Reserve Board chairman Alan Creenspan's optimism about the dollar and the US trade deficit, expressed during congressional testimony yesterday, gave a boost to the entire dollar Eurobond sector, with prices gaining % to % in late afternoon trade.

Primary market activity was light, although a three-year \$250m issue for IBM Credit Corp, lead-managed by Credit Suisse First Boston, managed to capture the gains in the dol-lar sector. The AAA-rated issue, carrying a coupon of 9½
per cent and priced at 101.075
per cent, was yielding 26 basis
points over US Treasuries at
iaunch.

Dealers noted that the issue offered a reasonable yield pick-np over two other IBM Credit dollar Eurobonds now outstanding, which yield seven basis points and 20 basis points over Treasuries respectively. Switching from eeasoned issues was noted and the deal closed well inside its 1% per cent fees at less 1.23 per cent

Meanwhile, Commonwealth Bank of Australia tapped the Eurobond markets to raise reglatory capital with \$300m in undated floating rate notes that offer investors the option of converting their securities to dated paper after five years.
The notes initially pay six
basis points over London interbank offered rates (Libor). However, in 1994, and on each

### INTERNATIONAL BONDS

interest payment date thereaf-ter, investors may convert their holding into a five-year floater paying a lower interest rate. The new rate will be the mean between Libor and London interbank bid rates (Libid). While Australia is not for-mally a party to the 12-nation Cooke Committee on bank cap ital adequacy. Australia'e banking authorities have insisted that domestic institu-

The government-owned CBA is constrained from raising primary capital because it cannot sell shares to the public. However, the new floating rate notes are believed to meet Cooke Committee standards because they are backed by a

**NEW INTERNATIONAL BOND ISSUES** 

tions meet similar standards.

the government will make up any losses by the bank. The government is also believed to be prepared to purchase from CBA those investors' undated notes that are converted into the dated, five-year securities. Several Australian state owned banks are believed to have privately-placed securi-ties structured along the same lines through a UK merchant

Meanwhile, a single new issue emerged in the equity warrant market, a \$150m five-year issue for Topy Industries, manufacturer of specialty steel parts. The conpon was indicated at 4% per cent and the issue was seen trading at a premium of 101.75 to 102.75 above its par issue price - more modest than that of most other

The markets are bracing themselves for two \$1bn deals to be launched tomorrow for Nippon Steel and Kobe Steel. Kobe Steel is expected to be launched in two separate tranches, one in Asia and one

The European Investment Bank is also reported to be preparing to launch a Euroyen

# Europe falls behind in the securities race

Stephen Fidler on a survey of capital centres ahead of 1992

uropean capital markets are unprepared for the growth in demand for securities that they will face in the years to 1992 and the proposed dismantling of the barriers to capital flows.

This is one of the central forecasts of a report on the Enropean Capital Markets from the accounting firm, Arthur Andersen, published today. The report followed questionnaires sent to more than 1,000 participants in the capital markets and subse-quent discussion and analysis by panels of industry experts in each European country, and advisory panels in the US and

Japan.
"The risk for European markets is that they may miss the opportunity to serve this (increased) demand and achieve a size comparable with the other two large markets, the USA and Japan." In the years to 1992, growth

of European equity markets will slow to an annual 10 to 15 per cent, compared with the 30 per cent, compared with the 30 per cent average from 1984-87. However, most markets are not prepared for this growth. "Trading mainly takes place in small national marketplaces, with low liquidity and ineffi-cient clearing and settlement making them unattractive to the international flow of

Eighty per cent of the respondents to the survey believe that international equity trading will be concen-trated in the three largest mar-kets: London, Tokyo and New York. This is expected to be largely over the counter - that is, not on official exchanges — dominated by sophisticated intermediaries and involving widespread block trading.

About 75 per cent believe the London over-the-counter market in international equities will grow, retaining its domi-nant position in Europe. Its advantages are said to be high liquidity, the ability of market makers to take large positions, the prospect for further devel-opment of the Euroequities market for new issues, and its lower brokerage commissions. In the bond markets, respon-

dents see less dramatic changes than in equities. But in Belgium, West Germany, France, Italy, Ireland and Spain, more than 70 per cent of respondents see governments developing new instruments or new methods for placing them. Except for Italy, respondents believe most governments will not make the second of not raise placements abroad. Financial futures and

options markets will develop in a number of countries, largely because of the rising influence of institutional investors and their need to hedge. Interest rate risk -- rather than equity market or currency risk -- will be the prime reason to hedge. More cross-border movement of funds is expected accentuate volatility.

However, the risk of this is low trading volumes and cost duplication, which respondents predict will be addressed by cooperation to avoid these

exchanges is no longer assured. This is for three main

The survey saye howver that the central role of securities

reasons: internationalisation which is likely to move securities trading away from the domestic exchange, technology which allows trading to move away from the floor and changing regulations, such as the EC

directive on the mutual recog-nition of listings due in 1990. Exchanges are likely to respond to increased competi-tion by improving both their automated systems and their images, developing markets in derivative products and estab-lishing agreements with other

"No European exchange is strong enough to stand alone. The exchanges must co-operate to face the challenges from intermediaries, information service providers and foreign exchanges. They can stimulate the European markets to achieve the size necessary to compete with Japan and the USA," the report concludes.

he survey reveals less optimism in Japan than in the US and Europe about the future of European equity markets. The Japanese "believe that European respon-dents underestimate the effect of shortcomings in European markets, which will limit Japa-nese investment. They see the fragmentation of European

markets as a major problem."

There are three key weaknesses, according to the Japa-nese, to explain why Japanese money will not be flowing into Europe: Low liquidity due to fragmented markets, a lack of advanced infrastructure for trading, clearing and settle-ment and a lack of information about and low visibility of the markets.

US panellists, however, see market fragmentation as a market fragmentation as a weakness in the long term but an opportunity in the short-term, since it provides opportunities for arbitrage.

The forecast says the strictness of the regulation will determine the auccess of attempts to harmonise regulations. "If the standard is set at the highest level in Europe, ie.

the highest level in Europe, ie, the UK, the regulatory environment may prove excessive for market participants."

It adds: "The cost of complying with the Financial Services Act is causing concern within

Act is causing concern within Act is causing concern within the UK. European regulations will have to be below the standard of those in the UK, and UK legislation will need to be reformed to enable UK markets and intermediaries to compete effectively against continental European players."

Three taxes are regarded as constraints on capital market development. Over 60 per cent of respondents believe stamp duty will be restructured or may even disappear, although

may even disappear, although this varies from over 90 per respondents to just over 55 per cent for German respondents. More than 50 per cent believe that Value-added tax will be apllied to financial services, whiel more than 80 per cent believe that withholding taxes will continue to be applied.

. Savings growth in the years to 1992 will lead to moderate growth in direct individual investment in securities, but indirect individual investments are expected to grow dramatically. There will be a shift away from traditional savings

One-third of respondents expect pension funds to grow by at least 21 per cent a year. In France and Italy, more than the rance and tracy, more than 40 per cent of the survey's respondents expect growth of at least 21 per cent a year for pension funds and life insurance companies.

espondents believe that asset management is one of the few areas where the number of institutions will continue to grow. Elsewhere in the capital mar-kets, increased market concentration is likely. Banks in many countries will have com-petitive advantages providing these services, partly because of their soundness, image and

accessibility.

The increased savings in life insurance and pension funds are parly due to the ageing of the post-war baby boom; gen-eration. Baby boomers are realising that the national social security programmes may not be able to support them as hoped for when they retire.

From the point of view of institutional investors, the fashion for giving business to big, international intermediaries has waned, and now investors seek effective order execution, high-quality person-nel and efficient clearing and settlement.

\*European Capital Markets: A strategic forecast. The Economist Publications Ltd. 40 Duke Street, London WIA 1DW.

### Bottower US DOLLARS C'wealth Sk Aust.t IBM Credk Corp. Topy Ind.0 D-MARKS ISS-Finans AS 1013 134/34 Commerzbank AG 1994

nt. 4With equity warrants. \$Convertible. ♦Final terms.(a) Coupon at 8 basis points over 8 and annually thereafter,the investor may exchange the note for a five year note paying the lotes and warrants exercisable from 23/2/89 to 21/1/94. Call option for 9/8/91 at 1014. in LIBOR. From Febuary 1984 and annually thereafter, the investor may exchain of the 3 month LIBOR.(b) Notes and warrants exercisable from 23/2/89 easing by 14% semi-ennually.(c)Coupon cut by 14%.(d)Coupon cut by 15%.

**BUILDING SOCIETIES** 

The Financial Times proposes to publish a Survey on the above on 11th February 1989

For a full editorial synopsis and advertisement details, please contact: Tim Davis on 01-248-8000 ext 4181

or write to him at: House, 10 Camon Street London EC4P 4BY.

FINANCIAL TIMES

# New Zealand stockbrokers face up to hard times

By Dai Hayward in Wellington

A DECLARATION of default made this week by the stock exchange authorities against Ararimu Pariners, a stockbrok-ing firm associated with the collapsed Equiticorp Interna-tional, has reduced the number of New Zealand brokers to 58 from the 86 in business at the time of the October 1987 stock markets crash.

Seven have defaulted on debts - the others have disappeared as a result of takeovers or mergers as firms struggle to survive in dramatically reduced share trading volume.

With little indication that failed to settle their accounts individual investors will return to the market in any great numbers in the near future, further restructuring is predicted in the country's securi-ties industry. In the last six months of 1988 daily turnover compared with NZ\$20m for the second half of 1987.

Many of the brokers' problems have been caused by bad debts. Mr Roger Gill, stock exchange chief executive, estimates that brokers were owed NZ\$25m by investors who at the end of the year. In the past 12 months more than one-third of the 1,500 staff formerly employed by brokers have lost their jobs. In an effort to survive, several large firms have joined forces with Anstralian brokers, which have taken up to 50 per cent

stakes in New Zealand firms.

Varions other financial groups have been moving into the brokerage industry by taking over or acquiring an interest in leading firms. Inter-suisse, for example, bought the

established firm of Main Stockbrokers, then restructured and cut the company's activities. Most of the defaulting firms were small ones specialising in equity trading. According to some leading brokers, the equity divisions of most firms are running at a loss, so the prospects for those specialising

in this area are not optimistic. Ararimu Partners, which traded in Auckland and the provincial city of Tauranga, is owned by Ararimu Holdings, which in turn is 57 per cent controlled by the family inter-

LONDON TRADED OPTIONS

ests of Mr Allan Hawkins, Equiticorp chairman. It is one of the 94 entities associated with Equiticorp, for which the Government this week appointed statutory receivers.

AP-DJ adds: The Equiticorp collapse has not had a great effect on the New Zealand stock market – apart from the fall in its own share price – but the failure will be another blass to inventor confidence if blow to investor confidence. It would have an especially adverse impact on the property market, Mr David Lange, the Prime Minister, said resterday.

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### LONDON MARKET STATISTICS

RISES AND FALLS YESTERDAY

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries											
	EQUITY GROUPS		Tuesda	y Jam	ary 24	1989	•	Mon Jan 23	Fri Jan 20	Thu Jan 19	Year ago (approx
	& SUB-SECTIONS			Est. Earnings	Gross Div.	Est	xd adi.				-
Flg	ures in parentheses show number of stocks per section	Index No.	Day's Change	Yield% (Max.)	Yield% (Act at (25%)	P/E Ratio (Net)	1989 to date	Index No.	Index No.	Index No.	Index No.
	CAPITAL 6000S (208)	857.06	+6.9	10.93	4.16	21.21	0.32	849.31	844.98	638.16	742.72
2	Building Materials (28)	1074.30	+2.0	11.86	4.24	10.37	0.00	1653.38	1946.26		988.84
3	Contracting, Construction (39)	1624.75	+1.7	12.26	3.76	10.69		1597.70	1593.00		
4	Electricals (10)	2482-05	14.5	8.72	4.55	13.83	0.04	2469.42		2428.42	
5	Electronics (30)	11470'05	+9.3	9.67	3.37	13.38	0.00			1929.12	
6	Mechanical Engineering (55) Metals and Metal Forming (7)	489 20	+0.4	10.59 15.68	4.17	11.50 7.21	9.00	448.24 487.65	443.57 484.34	448.79	389.24 438.64
9	Motors (17)	284 74	+1.1	11.58	4.66	18.02	0.00	281.12	276.85	478.41 275.45	274.31
	Other Industrial Materials (22)	1435 77	10.8	9.59	4.38	12.37	3.28	1423.88		1402.80	
21	CONSUMER GROUP (187)	1107 22	#11	9.38	3.79	13.35	9.67	1095.49	1090.76		1039.73
22	Brewers and OistDiers (22)	1212.16	+1.3	10.51	3.67	11.87	6.00	1197.16		1186.84	
25	Food Manufacturing (21)	996.27	48.5	9.22	3.86	13.57	1.34	990.84	788.20	978.89	853.13
26	Food Manufacturing (21)Food Retailing (15)	1955.01	+4.9	9.28	3.59	14.10	4.84	1938.03		1924.87	2888.56
27	Health and Household (13)	1967.73	+1.3	6.82	2.75	16.61	9.20	1943.23	1933.59	1926.89	
29	Leisure (33)	1453.17	+8.8	8.34	3.59	15.16	8.00	1441.70		1431.87	1188.13
31	Packaging & Paper (17)	549.02	+8.2	9.80	4.83	12.69	0.26	568.14	566.92	562.38	496.04
32	Packaging & Paper (17) Publishing & Printing (18)	3481.28	+0.5	9.82	4.51	13.88	2.12	3462.79	3441.48	3437.80	3421.23
34	Stores (34)	742.77	+2.0	12.40	4.64	12.55	0.29	727.86	721.86		247.43
35	Textites (14)	581.46	+0.5	13.88	5.67	8.43	9,09	499.39	501.21	498.43	593.45
40	OTHER GROUPS (92)	967.71	16.9	10.63	4.44	11.54	9.67	959.33	156.22		865.73
41	Agencies (18)	<u>,1157.25</u>	-6.5	8.28	2.54	15.24	6,06	1365.63			
42	Chemicals (22)	1108.98	+1.3	11.56	4.76	10.42	0.23	1094.77		1090.31	
43	Conglomerates (12)	1347.77	+1.6	9.95	5.30	11.81	0.90	1334.77	1323.23	1318.29	1163.90
45	Shipping and Transport (12)	2041.80	+8.9	9.74	4.08	13.43	0.80	2022.91	2007.67	2011.26	
47	Telephone Networks (2)	1103.45	+0.9	11.15	4.46	11.66	0,00	1044.63	1047-17	1960.28	913.19
48	Miscellaneous (26)	1394.65	+0.4	10.92	4.20	18.41	8.27	1294.66		1295,15	
	INOUSTRIAL GROUP (487)		+1.0	10.16	4.57	12.18		1011-02		1003.26	925.73
51	OII & Gas (1.3)	1869.88	-0.1	9.86	5.94	12.97	0.00	1471.35	1866.70	1840.97	1741.40
	500 SHARE INDEX (500)	1092.99	+0.8	18.12	4.33	12.28	0.37	1084.63	1079.69	1074.42	994.86
61	FINANCIAL GROUP (126)		+4.8	_	4.95	-	0.25	714.22	789.83	711.46	668.25
62	Banks (8)	712.05	10.4	20.33	135	6.66	9.90	788.98	704.92	706.01	671.67
55	Insurance (Life) (B)	2034.61		-	5.20		0.00	1837.87		1013.79	987.67
56	Insurance (Composite) (7)	J 571.46	+1.9	-	5.47	-	0.00	560.99	557.49	559.22	509.35
67	Inturance (Brokers) (7)	974.68	+0.1	8.99	6.67	13.90	6.00	773.10	975.93	962.75	934.56
68	Merchant Banks (11) Property (53)	331,16	+0.9		4.53	-	9.60	328.26	329.95	330.39	346.74
Ь9	Property (53)	1257.74	+1.6	5.76	2.67	22,12	9.05	1245.24	1238.39	1259.25	1020.39
70	Other Financial (32)	364.01	+1.1	9,48	5.46	13.16	0.86	364.15	363,62	362.27	392.81
71	Investment Trusts (76)	1082.68	+0.4	-	3.05		9.51	778.33	993.96	993.71	842.93
R1	Mining Finance (2)	J 611 <u>.32</u>	+8.1	20.90	3.42	23.34	0.80	639.64	613.38	613.93	420.16
911	Overseas Traders (8)	1334.01	+1.0	8,78	4.74	13.20	9.80	1320.99	1318.10		1802.03
99	ALL-SHARE INDEX (712)	1001.08	+2.5	-	4.37		0.31	993.14	788.77	985.45	984.39
$\neg$		Index No.	Day's Change	Day's High (a)	Day's Low (b)	Jan 23	Jan 20	J <b>an</b> 19	J20 18	јал 17	Year ago

	FIX	ED I	NTE	REST	<b>-</b>		AVERAGE GROSS REDEMPTION YIE	Tue Jan 24	Mon Jan 23	Year ago (approx		
	PRICE INDICES	Tue Jag 24	Day's change %	Mon Jan 23	xd adj. today	xd adj. 1989 to date	1 2	Coupons 15 yr	Mrs	9.19 8.91	9.15 8.89	8.89 9.39
1	British Government 5 years	118.61		118.79	_	1.26	1 5	Medium 5 yr Coupons 15 yr	ears Ears Ears	8.84 10.15 9.39 9.64	8.84 10.13 9.39 9.85	9.26 9.44 9.59 9.42
3	Over 15 years	136.02 150.00 171.69		136.02 150.60 171.28	Ξ	1.22 0.00 0.00	8	High 5 yr Coupons 15 yr	sars	10.41 9.55 9.14	10.40 9.55 9.16	9.53 9.73 9.46
	It i cocaniman and in a	133.48		133.46	=	1.08	110	Irredeemables Index-Linked	t	8.87	8.89	9.22
6 7	5 years Over 5 years	131 <i>.2</i> 7 128.27	+0,04	130.93 128.21	_	0.42	냺	Inflation rate 5% Inflation rate 5% Inflation rate 10% Inflation rate 10%	5yrs. Over 5 yrs. 5 yrs.	3.41 3.69 2.11	3.53 3.70 2.22	2.41 4.90 1.45
_	All stocks	128.31		128.22 116.27	-	0.38	15	Delm &	Over 5 yrs 5 years 15 years	3.52 11.71 11.32	3.52 11.70 11.12	3.83 10.86 10.81
_	Preference	88.65		88.51	-	0.17	17		25 years1	10.97 1 <b>9.1</b> 5	10.99	10.81
نن	Aftering index 1922.7; 10 am 1930.0; 11 am 1936.6; Hoon 1934.4; 1 pm 1935.9; 2 pm 1936.2; 3 pm 1936.6; 4 pm 1937.9; 4.05 pm 1937.7  (a) 5.01pm (b) 9.05am + Flat yield. Highs and lows record, base dates, values and constituent changes are cubilshed in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 34p. DRSTITUENT CHANGES: Corab C35 has been deleted and replaced by TV-am C90.											

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# Bear Brand seeks £5.72m | Spring awakening for budding plant hire in 2-for-3 rights issue

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BEAR BRAND, the hosiery business which was spun off as a separate quoted company when Tranwood Group demerged last June, is asking shareholders to put up £5:72m via a two-for-three.

The cash call brings events at the company full circle. It was in early 1986 that a group of investors headed by Mr Nick Oppenheim, now chairman of Bear Brand, took control of the hoisery company, then called Tranwood, and long seen as a "shell".

A rights issue at 11p a share accompanied their own subscription for new shares, raising a total of £1.5m. Tranwood's first move was an abortive bid for Aitken Hume, the troubled financial services group. It subsequently acquired limcorp, Earl, the cor-

porate finance business headed by Mr Peter Earl, again tap ping shareholders in a £10.2m rights issue, in the spring of 1988, however, Tranwood announced plans to "demerge" the financial services business

MEMCOM INTERNATIONAL

Holdings, the USM-quoted electronic filing systems group, has put together a £1.7m reconstruction package following a further period of losses.

The period of losses.

The package involves a 7-for-5 rights issue at 10p, a reduction in the par value of

shares and a change of name to the Telford Group. Memcom joined the USM in

1985 but shortly afterwards the Middle East, a major source of

orders for the company, was hit by weakness in the oil

price.

Last year, the company planned a rights issue but the

offer was postponed when a director allegedly defaulted on

his underwriting obligations. Memcom's shares were among

the worst performing on the

By Philip Coggan

from the original hoisery operations.

The hoisery operation remained in the existing Tran-wood company, which was renamed Bear Brand, while the financial services operations took the Tranwood name and applied to have its shares quoted on the USM. Existing sharebolders were offered shares in the new Tran-

wood company pro rata to their existing holdings. This time round, the Bear Brand management is again talking of diversification on the back of the cash call, but is not specifying where attention will be centred.

"Nothing is set, even in wet concreta", comments Mr Oppenheim.
The one area ruled out is financial services, although this exclusion would not encompass the property field -which may be a possible erpansion avenue.
The rights issue involves

63.6m new shares, for which shareholders can subscribe at 9p:apiece - 6p initially and a further 3p in July 1989. The

Memcom had passed the seven month limit, set by the

Stock Enchange, for producing its results for the year to April 30 1988. But yesterday the

group announced a pre-tax loss

of film in that year, compared with a loss of £1.67m in the

The company also revealed that in the first half of the cur-

rent year (the six months to October 31), it incurred pre-tax

Memcom has accumulated a near-f5m deficit on its profit and loss account. It proposes to

apply to the High Court for a reduction in the nominal value

of its shares from 10p to 21/2p.

This will allow the deficit on

the p&l to be written off against the share premium

The rights issue is designed

previous 12 months.

losses of £381,000.

**Reconstruction for Memcom** 

issue will raise £5.72m. but expenses will total some £350,000. It is being underwrit-ten by Tranwood. Yesterday. Bear Brand shares dropped

1%p to 9%p. News of the rights issue came as Bear Brand unveiled a sharp deterioration in trading figures for its hoisery business. For the 12 months to end December, the company reports pre-tax profits of £186,000 against £1.03m in 1987. However, this figure is scored after taking in the results from the financial services businesses up to the date of demer-

At the trading level, the financial services interests contributed £444,000 on sales of £1.09m, while Bear Brand turned a £258,000 loss on sales of £7.64m. In 1987, the compara-ble figures from the Bear Brand husiness were £447,000 and £7.46m. No final dividend

is being paid.
The company says that the margins came under pressure, Various management changes and reorganisation moves have

to provide the group with working capital to fund a sub-

stantial marketing effort. The

group has recently completed a pilot order from a major cus-

tomer for the refurbishment of

photocopiers, and an extension and expansion of this contract

is currently under negotiation. A new range of optical discs is being launched under the

Energy Conversion Devices, a major licensor of product to Memcom, has agreed to waive

£147,000 and cut the minimum

annual royalty payment in return for 500,000 shares and an 18 month option over a fur-

ther 500,000 shares at 17p each.

Memcom sbares closed 1p

down at 12p yesterday.
The proposals will need to be

approved by an extraordinar, meeting on February 16.

Mem-O-Scan name.

able background for a wave of corporate activity that has recently hit the industry. Since December, three companies -Venture Plant Group, Sheriff Holdings, and Torex Hire -have announced that they are joining the Unlisted Securities Market. Furthermore, acquisitions within the sector have continued at a brisk pace. BET, the

F EVER there was a need to illustrate the far-reach-

hire industry in recent years.

Mr Dave Hollingworth might

Just a year ago he was employed by a family-owned

builder in Longhborough, which like many building com-

panies had its own plant department. Now, like many

others, it has moved away

from owning its own plant

towards a greater reliance on plant hire companies.

One such is Sheriff Holdings, where Mr Hollingworth now works supplying the armoury

of equipment for scraping, dig-ging, demolishing and lifting needed by local huilders and contractors in Northampton.

The trend for builders to buy

less of their own equipment has, he says, compounded the effect of the general surge in demand from the booming con-

struction industry. "During the course of last year the amount of work was incredible," he

These factors form a favour-

be a case in point.

ing changes in the plant

support services company, has bought 25 plant hire companies since 1982. Ashtead Groop, the USM-quoted plant hire group, has made seven acquisitions since 1984.

Even the Glasgow-based Hewden Stuart, which makes a point of not paying inflated prices for good will, has made three acquisitions in the past two years.

Meanwhile, at the bottom end of the scale, entrepreneurial operators continue to break away from existing companies and set up on their own. The key influence on this

spurt of activity is undoubtedly the phasing-out of capital allowances between 1984 and 1986, which eliminated the incentive for many contractors to buy new plant. "The move to hiring plant has been a dramatic one and is irreversible," says Mr Peter Lewis, chairman of Ashtead Group.

As a result, the next few years will see the share of the plant market taken by hire companies steadily increase from its current level of about 40 per cent, according to Mr Richard Hopewell at SBC1 Savory Milln.

This trend has already meant that in-house plant departments play a less important role for construction com-panies. And although there are hire operations within con-struction companies – Abbey and Y J Lovell are key examples - there are an increasing number of sales of plant hire divisions from other compa-Take Venture Plant, for

example, which came to the usm via a placing in December which valued the company at \$12.1m. That was created by a management buy-out from the Tilbury Group, the contracting and property company, in October 1987. Likewise Keyplant, a plant hire business belonging to Norwest Hoist, was sold to Asbtead in

The upturn in demand triggered by the abolition of allowances was a highly welcome factor for an industry severely battered by the recession. The collapse in demand from the construction industry coincided with surplus capacity from the plant hire companies and rates were cut to suicidal levels. In 1981-2, Hewden Stuart and Vihroplant, both stalwarts of the industry, lurched briefly into the red.

The recovery in the industry is one factor behind the stampede of companies moving onto the stock market. Another is the highly fragmented nature of the plant hire industry, estimated to have a turnover of about £1.5bn. There are more than 1000 plant hire companies in the UK and even the largest, Hewden Stuart, has a mere 7 per cent market share. Accordingly, the newcomers are eager to be able to issue

paper which will help them

Share prices relative to the FT-A All-share Index Vibroplant

enough,"

In all this euphoria, what could go wrong for the larger, more efficient companies? Mr

Hopewell points to the uncer-

tainly in the construction industry. If there was a down-turn in volumes, the increasing

demand for quality and service might go out of the window

and an emphasis on price cut-ting might return."

The plant hire industry, says

Mr Hopewell, is tightly geared to construction volumes. "They

are currently getting utilisa-

tion rates of 80 or 90 per cent If those dropped to 70 per cent

the effect would be severe," he

ble downturn is particularly focused on Ashtead Group. The

City reputation and share price of Ashtead has soared since it

joined the market in 1986,

thanks in large part to the success of its innovative profit-

sharing scheme. "If we did see

a drop in volumes it might hit pay packets so Ashtead might

come in for a few more prob-lems than others," he says. But the hire companies radi-

ate optimism that there will

not be a downturn. A decline

in the construction industry

has traditionally meant more

work for plant hire industry, for at least the first year of the

downturn. "Between 1965 and 1980 we were able to outride all

stop-go policies with our profits increasing," says Mr Mat-thew Goodwin, chairman of

That argument is reinforced

His concern about this possi

join in the scrabble for acquisi-tions. The consolidation of the industry may be hastened, in the view of Ms Catherine Strat-ton of Greig Middleton, by higher interest rates, which could hit some of the smaller could hit some of the smaller. highly-leveraged outfits.

1982

Vanessa Houlder on the increasing separation of plant from construction companies

Another powerful influence on the plant hire sector has been the growth in manage-ment contracting and the greater use of subcontractors

who have been less willing
or able to buy their own plant.
In addition, hudget restraints
have increasingly prompted local government to cut their maintenance costs by hiring

All this emphasises the trend towards larger and more sophisticated companies which can offer a larger range of higher quality plant and a bet-ter service — such as the same-day replacement of faulty equipment. Traditionally, service from the smaller concerns - on the lines of one man in a shed hiring out a few bits of plant has been pretty poor," says Mr Hopewell. "The advent of management contracting and the increasing use of penalty clauses has made reliabil. ity and service more important

This theme is highlighted by Mr Richard Dunn, chairman of Sheriff, which has come to the market in a placing capitalising the company at \$7.28m pla-cing this week. "The industry is becoming more polished and professional. The little corner shop operations are disappear-ing. They are not organised industry was in decline locally, we almost enjoyed a boom," he

But this optimism is not wholly shared throughout the industry. Mr Ben Longrigg is chairman of Torex Hire, a f6m plant hire company based in Cornwall and Devon, which is coming to the USM in the next fortnight. "Higher interest rates will affect major contracts, although there will be a two-year delay," he says. There is, he adds, a possibility that profits will be hit in the early

In any case, history suggests-that this argument cannot be pushed too tar. Back in 1980, for example, one commentator cited this logic to argue that Richards & Wallington, the UK's Errgest crane here group, had "a unique resilience to downturns in the economic cycle". Eighteen months Liter the company was in receiver-

### TRANSVAAL GOLD MINING COMPANIES

Corporation of South Africa Limited (All of which are incorporated in the Republic of South Africe) DECLARATION OF FINAL DIVIDENDE

DECEMBER 31 1968 CLOSING OF REGISTERS NOTICE IS HEREBY GIVEN that to NOTICE IS HEREBY GIVEN that for the purpose of the devicents, which have been destand payable to members registered in the besse of the indemi-minand computers at the close of business of February 10 1989. But fruster mysters and register, of members will be closed from Saturday. February 11 to Saturday, February 25 1989, both days inclusion:

Elandsrand Gold Mining Company Limited (Regulation No. 74/01477 06) The South African Land & Exploration Company Limited (Registration No. 01/01879:06)

Vial Rooks Exploration and Mining Company Limited (Registration No 05:17354:06) Wustein Deep Levels Limited (Registration No. 57/02349/06)

By order of the board

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London Office 40 Holbern Viaduc

### McKay Securities raises profits by 16% to £1.7m

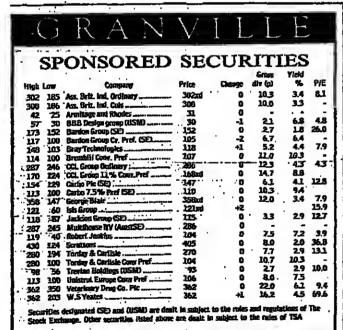
MCKAY SECURITIES, property investor and devel (238,000) and interest and outoper, raised pre-tax profits by goings on properties under development were 2299,000.

1.66m in the kix munits to (228,000).

1.67m in the kix munits to (228,000).

direct property ontgoings jumped from £839,000 to

charges received rose 20 per cent to £3.67m (£2.87m). But dividend is raised to 2.5p (2.3p) and the directors expect to pay a final of not less than that figure.



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Prices taken at 5pm and change is from previous close at 9pm

### Laird expands US printing activities

By Nikki Tait

\$12.9m (£7.24m).

Laird Group, the diversified sealing systems, engineering and transport company, is buy-ing a 35 per cent interest in Panel Prints, a US-based speci-

Laird is also acquiring an option to buy the remaining 65 per cent by January 1990. The purchase price for the ontstanding shares would be pitched at either \$25.6m or seven times andited pre-tax

profits for the year to end-July 1989 - whichever is greater. Yesterday, Laird said that printing/packaging had been targeted as one of three areas for expansion - the others being automotive components and bnilding

products. It acquired a speciality pack-aging business, called Etta Packaging, in the US just over

### BLICK, the Swindon-based supplier of clocking in equip-ment and radio pagers, lifted pre-tax profits by 21 per cent from £3.91m to £4.72m in the year to September 30.

This was achieved on a turnover which advanced 18 per cent from £16.39m to £15 Earnings per share rose by 21 per cent to 16.62p (13.79p). Mr Alan Elliot, chairman, said he remained confident that progress would continue, provided that there was no

material downturn in the econ-omy. He re-affirmed his commitment to increase earnings per share and dividends. A final dividend of 3.6p (2.6p) was proposed, making a total

of 5.6p (4.2p). Revenue from the customer base, to which equipment is rented, supplied and maintained, rose to £8.04m (£6.74m) and accounted for the majority of total profits.

This increase reflected the acquisition of Yorkshire Telephone Systems in November



Alan Elliot: committed to earnings and dividend growth

1987, a 9.97 per cent inflation adjustment of rental contracts in line with the Electronic and Electrical Workers Index, and organic growth.

£9.65m to £11.24m.

Blick confident after increase to £4.72m

first half of 1989.

Equipment sales grew from

Programs at Work (PAW), a computer software business specialising in time control

### systems, was acquired in June and achieved its forecast of 5200,000 pre-tax profit for the 15 months to September 30. A range of computerised time recording equipment is being developed linking PAW's software with the hardware

Amano Corporation, Blick's principal supplier in this field. Blick Communications, the paging manufacturing company based in Exeter, nearly doubled pre-tax profits in a competitive market. However. the move to a new factory will cause some disruption in the

The share price closed up 5p

COMMENT

This encouraging performance was a shade better than expected Acquisitions made some contribution to growth, hnt most came from strong organic development. The rental side has proved to be a good recurring-revenue base, allowing the

company to invest in product development and aconisitions With cash in hand, a modes acquisitions programme looks imminent. Blick's wily financial arrangements will help to protect it from a possible drop in demand this year, its rental above, the general rate of inflation and its fixed sterling rate arrangement with Amano is seco as desirable. Pre-tax profits look set to increase to about £5.5m, giving a prospective p/e of 11.2. Blick has been a fairly predictable solid investment and there is little reason to believe it will not continue to

BANQUE GENERALE DU LUXEMBOURG S A. AGENT BANK

# Achange of image to woo the customers Anthony Moreton on why the Bank of Wales needs a higher profile

HE TROUBLE with the Bank of Wales, Mr Eric Crawford discovered last January when he arrived in Cardiff to take over as chief executive, was that too few people in the principality knew

After a career spent with Midland Bank, Mr Crawford had come at a crucial time in the Welsh bank's history. The Bank of Wales had been cre-ated in 1972 by Sir Julian Hodge, tha Welsh financier now living in the Channel Islands, who always wanted to see Cardiff develop as a financial centre with a measure of independence from the City of London. As a bank, it had evolved out

of the Hodge empire but the Bank of England was for a long time uneasy about its prove-nance and insisted that it be called the Commercial Bank of Wales. It was not until the early 1980s that the word "commercial" was dropped from the title and not until two years ago that the Bank of Scotland took a controlling interest. The Bank of England's insis-

tence on the incorporation of the word "commercial" in the title was not all that great a hindrance because the Hodge philosophy had always been to woo industry rather than the individual depositor and it is one that Mr Crawford positively backs.
"We have no desire to be a

cross-pavement bank," he says.

It simply does not make sense

to take on the big high street

banks on their own territory.

We see ourselves as occupying

the ground somewhere between the high street banks and the merchant banks."
"What we can do most effectively is supply the niche mar-ket that exists for specialist services in Wales," he adds. "The high street banks simply offer too many services for

managers to be on top of all of them." them."

He believes that "by developing the sort of services that industry and the high income customer — in whom we are very interested — needs, we can win a good share of the business in Wales."

That niche business is personified by Mr Gareth Owen who joined the bank as treasurer in 1988.

surer in 1988. "If an industrialist comes to

the bank seeking access to the money markets then I can quote him a rate on the spot," he says. "If he goes to one of the other banks, his request is almost certain to be referred up, depending on the amount he wants, perhaps to regional headquarters or even to Lon-

Mr Owen contrasts this with the Bank of Wales where the industrialist "does not even have to come in. Ha can pick up the phone and get a definitive rate immediately. With that sort of service we believe we can out-gun the opposi-

tion. D efore Mr Owen can begin

to start developing this service, though, his boss

has a more pressing difficulty.

The Bank of Wales has an

image problem: too few people are even aware of its existence,

let alone the services it sup-plies. This lack of awareness exists surprisingly among those in industry whom it had seen as its main market.

Therefore Mr Crawford early on set himself the task of finding out what the public actually thought of the bank. Research undertaken for the bank by City Research Associ-ates found that too few people even knew about it, fewer still knew it was a subsidiary of the Bank of Scotland and even fewer had heard of the Bank of Scotland. (Given the latter's low profile in southern Britain and the fact that there is a prominent branch of the unre-lated Royal Bank of Scotland in the centre of Cardiff, this last piece of incomprehension is perhaps understandable).

Mr Crawford responded to the research findings by identi-fying those niches he wanted to service and then building up teams to man them. The key appointment has been that of Mr Ken Cassidy, another recruit like Mr Crawford himself from the Midland, to head international services.

The Bank of Wales intends to offer a full international operation for its customers since most companies in Wales appear to channel their needs to banks and other organisations outside the country. Mr Crawford believes that

doing things the existing way "leads to delay and frustration." There are viable, profitable businesses with potential for growth in Wales, he says, "and our new team is going to forge strong links with them."

Two other crucial appointments were those of Mr Pat Coxen, to head a city office within the bank, and Mr Peter Jones as managing director of Arian Financial Planning, the bank's poor joint vectors into bank's new joint veoture into independent financial advice. This latter group will aim par-ticularly at the pensions and

life assurance market.

Tor is this the end of the reshuffle. Mr Crawford hints that further innovations will be coming in the near future.

His moves to replicate in Cardiff the innovatory approach won for itself by the

Bank of Scotland have been helped by the recent growth of Cardiff as a business centre. Last year, Rothschild and National Provident Institution chose Cardiff for their operations, Banque Nationale de Paris expanded its office in the city and Trustee Savings Bank went to nearby Newport. With such interest in South Wales it is now easy to attract

That attraction will be made even easier this spring when the Bank of Wales moves in to the most important office block to be opened in years. The bank has just taken the keys to what will be called the Bank of Wales huilding, facing Cardiff castle, and is about to begin the process of fitting-out.

high-calibre staff.

"There is an air of growth here in Cardiff that was not apparent even five years ago,"
Mr Crawford says. "It is nice to know that we are now firmly established as part of that

INTERNATIONAL BANK S.A. Ecu 250,000,000 Notes due 1993

January 25 1989

FLY WITH ARROWS

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The launch of **ARROWS** 'YOUNG COMPANY OF THE YEAR' **1989 AWARDS** has been a startling success. The added incentive of lunch in Venice for

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ARROWS WELLIMITED TRADE PRIABCIES

# Expamet in \$87m buy and £13.5m cash call

By Philip Coggan

EXPAMET INTERNATIONAL, the building products and secu-rity group, is substantially (£49m) recommended offer for Radionics, a NASDAQ-quoted security alarm components

supplier.
The offer will be part financed by a £13.5m one-for-four rights issue. The UK company also estimated yesterday that its pre-tax profits for the year to December 31 1988 would be not less than £10.2m and that the directors expect to recommend a final dividend of 5.35p (4.5p), making a total of 8.75p (7.5p). Expanset has agreed to buy a

52.6 per cent stake in Radionics from its principal shareholders and to make a cash tender offer, at \$20 per share, for the rest of the equity.

Radionics, based in California, made pre-tax profits of \$5.7m in 1987 and had made

profits of \$4.8m in the first nine months of 1988. Turnover for the year was expected to be

around \$40m.

The purchase will give Expenet access to the US market for its security products and give Radionics access to Europe. Following the acquisition, security will contribute around 40-45 per cent of Expe-met's profits, according to Mr Jeremy Beasley, the chairman, and around 50 per cent of group profits will come from

overseas.
The rights issue, underwritthe fights issue, underwritten by Kleinwort Benson, is priced at 148p, a 21 per cent discount to Monday night's closing price of 188p. Kleinwort is also acting as dealer manager for the tender offer in the US. The rest of the funding for the offer is in the form of a loan from Lloyds Bank. About \$30m of the consider-

interest-free basis and Radionics has cash balances of \$11.6m. However, Expanset will still need to make disposals to cut net borrowings below 100
per cent of net assets by the
end of 1990.
The businesses which will be
sold include the group's 50 per

cent stake in Expamet Pty, an Australian company, and the businesses and assets of Signifix and Case-Videoscan.

Expamet says the purchase of Radionics will not result in any dilution of earnings this year, especially as Expamet has substantial tax losses in the IS which Radionics will be

the US which Radionics will be

able to exploit.
The company also says 1989 has started with a good order book – and the board is confi-dent the group will maintain satisfactory progress over the year. Expannet shares closed 11p down at 177p yester-day.

# Dowty sells mining division

DOWTY GROUP, engineering and electronics company, yes-terday said it had agreed in principle to sell its mining equipment side, put up for sale two months ago, to a manage-ment team backed by Bankers

But the company declined to discuss the price, saying full details would be released within six weeks. Yesterday's statement was intended to dispel uncertainty among customers and employees, it said.

Recent City expectations have been that the sale would raise around £60m against net assets of £50m. It had been thought the deal would go through by the end of this

A management buy-out of the division was widely expected. There appears to be few companies who would wish to enter the difficult mining equipment sector, and existing players, such as Dobson Park, would be likely to run into monopolies problems in the UK by buying Dowty's division.

But a spokeswoman for Dowty said yesterday: "This is certainly not a last resort. There were several interested

Dowty's decision to pull out of mining equipment, once a mainstay of the group, reflects its increasing concentration on ence, electronics and information technology interests. It also comes at a time when the

UK sector is facing increasing competition in export markets while British Coal is buying s equipment at home.

Operating profits at the min-ing division fell from £4.8m to £1.9m at the interim stage, despite an increase in sales. One-off redundancy costs of £1.3m and a £1m exceptional warranty settlement were largely responsible for the

Dowty yesterday added that a number of management teams were in the bidding for its industrial hydraulics husi-ness, which it put up for the sale as the same time as the much larger mining equipment side. But negotiations were at

# French deny water 'carve-up'

FRENCH water suppliers yesterday rejected anguly suggestions that they have arranged to carve up the UK's private water sector

Mr Ralph Cohen, finance director of General Utilities, the UK subsidiary of Compag-nie Générale des Eaux, said: "It's absolute balderdash to suggest that there has been any form of conspiracy. If have paid the sort of prices we have paid."

Southern Water Authority and Associated Insurance Pension Fund, a vehicle for Mr Duncan Saville, a Sydneybased investor, are putting pressure on the Takeover Panel to investigate French purchases of stock in - and bids for - statutory water companies

It is thought, however, that the evidence put forward so far is not strong enough to constitute an infringement of the rules on illegal "concert par-ties" - the combination of apparently unrelated share-holdings to influence or control

r John Stansby, chahrman of SAUR Water Services, which is considering how best to er-bid for West Kent Water Company, said yesterday: "I don't see why they can't lose with grace and dignity and show the continental compa-nies how to behave in a fair

Southern/AIPF's hostile bid for Folkestone and District Water Company was thwarted last Friday by an increased offer from Générale

Lyonnaise des Eaux which also denied the allegations - Générale des Eaux and SAUR, a subsidiary of the con-struction and service company, Bouygues, have launched recommended bids for 12 of the UK's 29 statutory companies. Each French company has bid

for four water compa

In October SAUR sold stakes Surrey water companies to Générale des Eaux, which then launched successful agreed hids from the platform of its increased holdings.

• The Department of Trade and Industry announced yes-terday it would not be referring SAUR's bids for Mid-Southern and Mid Sussex water companies to the Monon olies and Mergers Commission.

### Lessman clarifies stance on Cambrian

MR LANCE Lessman, a New York-based investor in Cam-brian & General Securities, the UK investment trust, yesterday said that he was prepared to prevent further shares falling into the hands of predator Leucadia National Corporation by bidding in the market at a price beyond Leucadia's cur-

rent offer terms.

Mr Lessman acquired a fur-

Dated: January, 1989

ther 25,000 ordinary shares on Monday at 112,75p. This com-pares with the offer price of 112p, and takes the interest of Mr Lessman and his partner-

ships to just over 5 per cent. However, Mr Lessman – who has developed an alterna-tive reconstruction plan for Cambrian in conjunction with its advisers, S G Warburg – said that on Monday evening he told Lencadia that if it raised its offer to 120p per ordinary share he would be "a vol-

The Leucadia offer had been declared final, but can be revised in certain circumstances. One such instance was a resolution of the company's tax situation - a move which was announced on Monday afternoon.

NOTICE OF REDEMPTION

To the Holders of

### TEXAS INSTRUMENTS INTERNATIONAL FINANCE N.V.

11%% Guaranteed Notes Due 1991

NOTICE IS HEREBY GIVEN to the holders of the outstanding 11%% Guaranteed Notes Due 1991 of Texas Instruments International Finance N.V. that, pursuant to the provisions of the Fiscal and Paying Agency Agreement dated as of March 15, 1984 and the Terms and Conditions of the Notes, Texas Iostruments International Finance N.V. intends to redeem on March 15, 1989 all of its nutstanding Notes, at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date.

Payments will be made on and after March 15, 1989 on presentation and surrender of the

Notes together with any appurtenant Coupons maturing subsequent to March 15, 1989 in U.S. Dollars, subject to applicable laws and regulations, either (a) at the office of the Fiscal and Paying Agent in New York City, or (b) at the main offices of Morgan Guaranty Trust Company of New York in Brussels, Frankfurt am Main, London, main offices of Swiss Bank Corporation in Basle or Kredietbank S.A. Luxembourgeoise in Luxembourg. Coupons due March 15, 1989 should be

detached and collected in the usual manner.

Bearer Notes surrendered for payment should have attached all unmatured coupons.

Interest accrued to March 15. 1989 will be paid to the registered Noteholders in the usual

Payments at the office of any paying agent outside of the United States will be made by check Payments at the office of any paying agent outside of the United States will be made by check drawn un, ur transfer to a United States dollar account with, a bank in the Borough of Manhattan. City and State of New York. Any payment made by transfer to an account maintained by the payer with a bank in the United States may be subject to reporting to the United States Internal Revenue Service (IRS) and to backup withholding at a rate of 20% if payers out recognized as exempt recipients fail to provide the paying agent with an executed IRS Form W-8, certifying under penalties of perjury that the payee is oot a United States person or an executed IRS Form W-9, certifying under penalties of perjury the payer is stated person of an executed IRS Form W-9, certifying under penalties of perjury the payers taxpayer identification number (employer identification number or social security number, as appropriate). Those holders who are required to provide their correct taxpayer identification number on IRS Form W-9 and who fail to do so may also be subject to a penalty of \$50. Please therefore provide the appropriate

From and after March 15, 1989 the Notes will no longer be outstanding and interest thereon

TEXAS INSTRUMENTS

By: MORGAN GUARANTY TRUST COMPANY OF NEW WORL Fiscal and Paying Agent

### **British Syphon** buy-out succeeds

By Andrew Hill

THE MANAGEMENT of British Syphon Industries has succeeded in its recommended offer for the merchanting and manufacturing company despite the resistance of a 24.2 despite the resistance per cent shareholder

per cent shareholder.

Mr Nathn Ram Puri, and Meltou Medes, the private industrial group he heads, object to the level of the offer, which velues the Cheshirehased company at about £50m, and intend to maintain and even increase their minority shareholding.

The buy-out team declared its 155p-a-share bid unconditional with acceptances representing 54.5 per cent of the

shares.
Mr Puri said yesterday that he would be happy to keep his shares, even though the company will not retain its stock market listing. He hoped to increase the stake to 29.9 per cent, or beyond if permitted by the Takeover Panel.

"I look at it like this: if it's a

"I look at it like this: if it's a good deal for them, then it must be a good deal for me." Some observers had suggested that Mr Puri's intransigence would prevent the management team secur-ing the promised funding for the highly leveraged buy-out, unless it won acceptances for 75 per cent of the shares.

However, Bankers Trust International, which is financ-ing the deal, said yesterday it was happy with the level of acceptances, given the special situation.

Mr Bryan Morrall, British Syphon's chairman and chief executive, who is leading the buy-out team, said: "I don't think Mr Puri will be a problem. We will get on and run the business, while he goes on funding the stake with the prospect of no income, and no chance of selling his shares." He said that apart from Mr

Puri no shareholders with more than 5 per cent had rejected the offer.

Last year management buy-outs took Virgin, Glass Glover, Dwek and Invergordon private. An offer for Ryan International is on the table.

### **Pacific Sales** sells leathers business

Pacific Sales Organisation, in

pre-Crash days an archetypal shell stock, is finally abandon-ing its original business as an importer of leather goods from

It is selling the leathers business for £1.1m cash over three years. At the same time, it is consolidating its position in the office equipment market with a \$4.1m acquisition and changing its name to Business Technology Group. PSO is buying Compass

Leesing, a leasing broker spe-cialising in packages for office equipment suppliers and users. The initial payment of £2.6m consists of £1.1m cash and the belance in shares.

Further consideration, up to a maximum of £1.52m, depends on future profits. In the six months to end-Septem-ber, Compass made pre-tax profits of £135,000. It is forecast to make no less than £460,000 in the year to end-

March. The businesses being sold lost £247,000 in the six months to June 30 last year. Debts of £1.83m associated with these businesses are being assumed by the vendors.

A group of investors bought into the company in early 1987, causing the shares nearly to treble in one day.

One of the initial trio of as was Mr Tony Berry, until very recently chief execu-tive of Rine Arrow, who will have a 3.6 per cent stake in PSO after the latest deal. Mr Berry is not a director of PSO and is unlikely to make this company his new vehicle.

Co. of Design

Saville Gordon

# A paced delivery to the last post

Raymond Snoddy on the demise of Extel's racing commentaries

OR the past 27 years the Extel voices have always started at the beginning with the immortal words - "they're off" and pro-

words — they re the and pro-ceeded with paced delivery to the finishing line.

Unlike some television reporters these racecourse commentators were not allowed to whip themselves into a gabble of excitement. As Mr Stuart Hall, managing director of the Extel Company explained yesterday, extreme accuracy was what was most valued in his racecourse commentators and the "cuit of the

personality" was definitely frowned upon.
Yesterday it was announced by Extel's owner, United Newspapers, that the six announces voices that have traditionally relayed race commentaries to betting shops all over the UK were among around 280 people who would lose their jobs with the closure of the specialist racing service for betting shops

from June 30. "It's a sad day," said Mr Hall, although he also said it was also an inevitable one. There was no longer any way that the disembodied voice could compete against the sat-ellite television pictures of both dog and horse racing bounced daily into hetting shops by Satellite Information

the competitive service accelerated in 1988 to a point where the costs of maintaining the racing news services, which is substantially a fixed cost business, exceeded current or fore-seable revenues," Mr Graham Wilson, finance director of

United said yesterday. Extel, the information and extel, the information and communications group founded in 1872 was providing racing information by the end of that decade to private clubs and associations. With the arrival of legal off-course betting in 1961 Extel competed with London and Provincial for two years before awallowing

two years before swallowing up its rival.
Until the launch of a specialised satellite racing service Extel enjoyed 22 years of monopoly.
Mr Hall said yesterday that

taking 1961 as an index of 100, by 1988 Extel's fees had increased to 695 compared with 859 for the retail price Others in the racing industry were, however, critical of Extel's monopoly on racing

information. It was that feeling that probably cost Extel the chance to move into satellite Some Extel executives believe they had a verbal agreement with the Racecourse Association, the body that represents owners of 56 racecourse to run a telepision see

Betting shops have to sign up for a minimum of three courses, to run a television ser-

vice and indeed press releases were drafted to that effect but never issued. In the end the never issued. In the end the Association chose SIS, a company in which the four high bookmakers, Mecca, Ladbroke, William Hill and Coral have a significant stake.

It complained about the deal to the Office of Fair Trading but to no effect. The rebuil, some observers think may have helped

ers think may have helped pave the way to the United takeover of Extel.

takeover of Extel.

Mr Bob Kennedy, a satellite television specialist who was responsible for putting together Extel's bid to the Racecourse Association, said yesterday: "I feel sure that everyone in the administration of horse racing or who is a proper will recret the passing. punter will regret the passing of an independent source of information on betting and rac-

The demise of the Extel see vice, which would have lost United several million pounds this year if the closure decision had not been taken, comes as SIS forges ahead.

More than 6,000 betting shops now have their distinc-tive satellite dishes receiving racing live from both dog and house racing tracks. A further 3,000 will have the service by

in the electrical and electronics industry in the DK and Europe," he said. "We would

they do not have to pay for the receiving equipment.

Mr Tom Kelly, director general of the Betting Office Licensees Association, representing 5,500 shops estimates

that turnover has risen by 19 per cent in shops fitted with satellite television.

SIS, which involved an investment of around 250m, is expected to break even later

this year. Bookmaking interests have the higgest stake in the com-pany, but voting control rests, with the Racecourse Associa-tion and the Totaliser Board pending a private placing of the company's share to non-racing interests within the next few

Mr Christopher Stoddart, the SIS chief executive and former director of resources at Tyne Tees Television, the ITV com-Tees Television, the ITV company, said he was absolutely determined to run the business in a completely independent and professional way.

Extel's main business of providing financial information will not be affected in any way, and the company's general

and the company's general sports service of results to national newspapers and tele-vision stations, including horse racing results will continue There will just be no-one. saying "They're off" down

the line from Epsom any

# Blow to Plessey's continued independence

By Terry Dodsworth, Industrial Editor

PLESSEY, the embattled UK been formed, but one of its conelectronics group, yesterday suffered another blow to its chances of remaining indepen-dent when MSF, Britain's largest white collar union in the electronics sector, said that it would not oppose the bid from the General Electric Company and Siemens of

The decision shows a marked shift in trade union attitudes towards the two comanies since the previous GEC hid for Plessey in At that time, MSF had not

We have to accept that

Mr Larry Brooke, the MSF national officer responsible for the electronics sector, last night said that the union recognised that it now had to respond to changes affecting the industry worldwide.

there will inevitably be change

stituent members, ASTMS, was

strongly against a merger of

the two groups. The other union, TASS, expressed some

anxieties about the merger prospects, but refused to adopt

a positive stance for either

like to see a plan to develop a. strong European industry, and in that respect the GEC-Sie-mens bid seems appropriate. It would also ensure that Plessey remained in the European industry. Mr Brooke added that MSP was strongly opposed to the abortive plans launched by the

Metsun consortium to take over GEC and break the company up.
"We were totally against the idea that the financial institufind anyone prepared to put a... break up GEC with no regard to the industrial future of the country or the interests of mployees," he said. About 50 MSF delegates from

tions should scour the world to-

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Page 1977 1

Grand Dental

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Plessey, GEC's Marcont divi-sion and GPT, the telecommunications group owned jointly by Plessey and GEC, were at erday's meeting in London The union claims to have about 26,000 members in the two companies, the majority in

# John D Wood 61% first half setback

By Andrew Taylor, Construction Correspondent

PRE-TAX profits of John D. its was due to a slump in Lon-Wood, a leading London residential estate agent, fell by 61 Autumn, the expense of open-per cent during the six months ing new offices and extra proto the end of October. The drop from £1.1m to

£435,000 was announced yesterday only a week after Nationwide Anglia said it was closing 50 of its estate agency branches because of losses. Prudential Properties in a separate announcement said it was planning to cut by about 500 its 7,800 staff.

Mr George Pope, joint chairman of Wood, said the company had no plans to make any of its staff redundant although the housing market in central London remained difficult. He said the sharp fall in prof-

Norton Opax, the specialist

and security printer, yesterday welcomed Bowater Industries.

the packaging and industrial

products group, as a major shareholder.

Bowater picked up a 24A per cent stake in Norton last week, but said on Monday that it did

not intend to mount a full bid.

Bowater will today have to
justify its £69.35m purchase of
Norton shares to individual

The group has recently been selling peripheral operations to

and apart from Norton's inter-ests in packaging, the two groups share few common activities.

Total last year

42

5.846 4.8 2.5

concentrate on core busine

2.6

2.1 2.3 1.5

2.92

The companies have not yet identified any major areas of

By Andrew HID

co-operation.

**DIVIDENDS ANNOUNCED** 

Dividends shown pence per share net except where otherwise stated. Equivalent after allowing for scrip issue. (On capital increased by rights and/or acquisition issues. §USM stock. §Unquoted stock. §Third

Mar 10 Feb 17

payment payment

3.6 2.45 2.31 2.5 1.8

motion and advertising.

Profits, even without the extra costs, would still have been about only 2625,000, said Mr Pope. Wood handles mostly more expensive house sales. It

its London estate agencies Earnings per share fell to 3.5p (8.4p) but the interim dividend is unchanged at 1.5p.

Mr Pope said the housing market had improved during the past two months with

interest rates," said Mr Pope.
"We were in a similar position at the beginning of last when people were reluctant to commit themselves following the stock market crash the previous October".

earned £2.16m of its near £3m. (£3.3m) first half turnover from He said continuing uncer-tainty in the housing market meant results for the full year were likely to be less than last

Falling sales have prompted: several estate agents to make redundancies. Bairstow Eves, the north London and Essex

The problem is translating that interest into sales and fies while people remain unsure about future movements in published yesterday by the

Royal Institution of Chartered.

Surveyors said house prices in parts of north London had fallen by up to 5 per cent in real terms since the Autumn. One agent from Ealing in . west London said inquiries: from potential purchasers had fallen by 50 per cent in the three months to the end of December, Demand had picked

up since the New Year but not enough to encourage higher In the north of England

house prices were still rising but more slowly than previ-

### much more interest being expressed by potential buyers. agents, was one of the first to amounce it was making 100 of Minorco argues for publication **Opax welcomes Bowater stake**

By Kenneth Gooding, Mining Correspondent MINORCO, the South

group, sent out clear signals yesterday that it was ready to bid again for Consolidated Gold Fields, the UK diversified mining company, if given clearance by the UK Monopo-lies and Mergers Commission and the New York Appeal Court

It argued that publication of the MMC report, sent to the UK government on Monday, should not be held up by the parallel investigation by Department of Trade and Industry inspectors into alleged insider dealings in Gold

Fields' shares ahead of the bid. Clearly concerned about the possibility of a lengthy delay if Lord Young, the Industry Sec-retary, decided to wait for the inspectors' report, Minorco recalled that the UK Takeover

recalled that the UK Takeover Panel already had rejected an appeal to "stop the clock" on the bid pending the outcome of the share dealing inquiry.

"Gold Fields have already fought and lost this particular battle," Minorco suggested.

"The Takeover Panel concluded that it was not fair either to Minorco or to Gold either to Minorco or to Gold Fields' shareholders to cause the bid to lapse at that time,

particularly as no breach of the Takeover Code by Minorco had been established and Gold Fields could make no positive allegation of insider dealing by Minorco or its associates.

On a separate front, Minorco said it was negotiating with two South African groups, Rembrandt and Gencor, so that Rembrandt and Gencor, so that it could immediately dispose of Gold Fields' 38 per cent holding in Gold Fields of South Africa (GFSA) if Minorco acquired the UK company.

"We want an agreement in place to sell that shareholding before the acquisition of Gold Fields is completed."

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TODAY

Feb. 1 Jen. 27 Feb. 6 Feb. 3 Jen. 30 Jen. 30 Jen. 30

### **UK COMPANY NEWS**

# Property boost for Saville Gordon

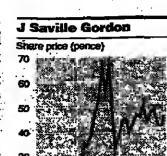
J. SAVILLE GORDON Group.
Midlands metal merchanting,
engineering, property, and
securities dealing concern,
raised pre-tax profits by 85 per
cent from £1.63m to £3.62m in
the six months to end-October
1988 Group practice 1988. Group pre-tax margins doubled on turnover of £36.27m (£40.05m).

Earnings per share rose by 83 per cent to 2,004p (1,094p). The interim dividend is lifted to 0.4p (0.33p).

The improvement mainly reflected a strong showing by the property investment and development division – the company's main focus of atten-tion. Pipeline equipment and challed the also improved stockholding also improved sharply.

sharply.

The property division showed a hefty rise in profits to \$2.08m (5886,000), with the higgest advance coming in rental income. The company said it could see no let-up in demand for rented property and had not felt any appreciable impact on sale prices from higher interest rates.



20

Saville said demand for industrial products continued to be strong. The pipeline equipment and stockholding division produced operating profits of £1.29m (£301,000) on turnover of £10.98m (£9.56m).

However, sluggish stock markat conditions, com-pounded by the sharp rise in UK interest rates, meant that the securities and commodity trading operation prodoced profits of only £245,000 (2509,000).

On the metal trading and processing side, the subject of reorganisation over the last few months, operating profits pushed ahead to £330,000

J. Saville said the venture created last October hy buying Parsons from United Engineering Steels, and merging it with Allen Rowland, Saville's main scrap division, was performing well. The sale of 50 per cent of was 1.95m (5764,000). the venture to UES gave rise to Kisswhere in the group, J. a £1.27m extraordinary credit.

• COMMENT J. Saville's well-established pol-

icy of reinvesting cash from the merchanting and scrap metal operations in industrial estates in, say, the Black Country and from dealings on the stock market has meant that purists have always looked askance at the company's earnings. This is especially the case as it believes in huying property in chunks and sorting out the good from the bad afterwards. However, followers point out that Mr John Saville, chairman, has consistently delivered good posuits over the delivered good results over the years, and without recourse to raising finance on the market. Despite the sharp rise in property rental income in the first half, there is more to come with tha approach of rental reviews on a 55-acre industrial estate in the West Midlands. The portfolio overall is thought to be worth about £50m. The shares, which stand on a prospective p/e of 8.5, if pre-tax profits come out at about £7.3m

### HT Hughes seeks cash for landfill

acquisition By Flone Thompson

H.T. HUGHES, the USM-quoted waste management, quarrying and transport company, is to raise £5.58m by a 1-for-3 rights issue. Some £5m will be used to acquire a freehold 79 acre landfill site at Sonth Leigh, one mile east of Havant, in Hamushire

Hampshire.

The rights will comprise
6.13m new shares, to be
offered at 117p each. Yesterday the shares closed at 130p,

down 4p on the day.

Pre-tax profits for the year ending February 28 1989 are forecast at not less than £1.75m - assuming no adverse weather conditions - compared

with £1.39m last year.
Hughes said the acquisition
was of major significance, in
the light of continued high demand for waste disposal facilities and the scarcity of landfill facilities in that rapidly developing area between the extreme western edge of Southampton and the eastern edge of Chichester. It would be the content of the content

boost the company's landfill reserves by 22 per cent.

The site has existing plan-ning permission for sand and gravel extraction, now substantially worked out, and for infilling with waste material in ooc third of the site. Hughes will apply for permis-sion for extraction and infillsion for extraction and infil-ing for the remainder of the site and will also seek to extend current permitted lev-els and types of waste infill. Hughes will acquire the South Leigh site through the purchase from Mr Robert Mer-

rick, its chairman, of the capital of Summerdown for £2.
Summerdown agreed earlier
this month to huy the site
from Mr George Ewen for £5m.
The deal would result in neither gain nor loss to Mr Mer-rick.

South Leigh was bought by Summerdown as Mr Ewen insisted on an unconditional quickly, and Mr Merrick did not want the site to go to com-

### Flogas higher midterm and interim lifted

cent increase, from I£1.1m to I£1.32m, equal to £1.08m, achieved in pre-tax profits for the six months ended November 30 1988. Earnings per 10p share were 6.17p (5.35p) and the interim dividend is 2.31p

markets with strong growth in the UK, where the company is

# Company of Designers ahead 59% and raising new capital

COMPANY of Designers, the building design group quoted on the Unlisted Securities Mar-ket, is hoping to raise capital for further expension through an issue of new shares to a trade investor based outside the UK.

The deal, which could be announced in the next few months, would delay CoD's plans for a listing which have languished since the group's flotation just after the stock market crash of October 1987. Recently the shares have railied from a low of 71p at the beginning of the year to yester-day's closing price of 93p, unchanged despite the com-pany's announcement that pre-tax profits in the year to September 30 had risen 59 per cent to £1.86m, against £1.17m in 1986-87.

CoD recommended a final dividend of 2.4p, making 3.5p

for the year.

Mr John Taylor, executive chairman, said yesterday he hoped the combination of links with a friendly outside investor, and a lively acquisition programme would have a posi-tive effect on the share price. He added that three or four deals were under negotiation. including expansion into build-ing surveying, and the possible



John Taylor: hoping links with friendly investor and lively acquisition programme would have positive effect on share price

purchase of a small advertising expenditure of about £700,000 agency, which would enoble CoD to provide corporate cli-ents with a full advertising, design and public relations seron installotlon of computer

Turnover in the year rose 64 per cent to £9.88m (£6.04m), of which nearly 66 per cent (82 per cent) came from architecture. Earnings per 5p share were up from 8.3p to 9.5p. Mr Taylor said margins had narrowed following salary increases of 10 per cent, which

on installation of computer aided design equipment and related training, expected to be lower in 1968-89.

The group was also held back slightly by overall losses of obout £180,000 in the restructured London operation, which is now trading profitably. CoD has interviewed,

selected and appointed o chief executive from outside the architectural husiness, For contractual reasons, he cannot be named for obout three

# New chief appointed at Wm Collins By Flora Thompson

MR GEORGE CRAIG was yesterday named as chief exec-utive of book publishers Wil-

liam Collins.
The announcement of his appointment was widely expected after the resignation on Monday of Mr Ian Chapman, the former chairman and chief

executive.
Mr Chapman's resignation followed his failure to thwart a hostile \$403m bid from Rupert Murdoch's News International earlier this month.

Mr Craig is at present presi-dent and chief executive of Harper & Row, the US publisher owned by News Corpora-

Expansion of the property portfolio, which comprises commercial and industrial sites, mostly in the West Mid-lands, is reflected in gearing of about 30 per cent. The interest charge in the interim period

approach led to a rift between him and Mr Chapman. Mr Craig will remain chief execu-tive of Harper & Row. Collins also announced four

other board appointments.

Ms Sonia Land, a director at Newa International and the person who led the News' hid for Collins, has been seconded to assist Mr. Craig. The three. other appointées are Mr John McAlpine, managing director

tion, parent of News International.

Before joining Harper & Row Mr Craig was group managing director and vice-chairman at Collins until differences of approach led to a riff between him and Mr Chanman Mr Mr Marmaduke Hinssey,

chairman of the board of gover-nors at the BBC, has resigned from the Collins board. His decision was made on grounds of conflict of interest, since Collins is now a subsidiary of News International which, through Sky, has involvment in British broad-

man. He resisted MEPC for



# Oldham Estate passes dividend

OLDHAM ESTATE, the property investment and development company, increased pre-tax profits from £30.7m to £32.1m in the 12 months to September 30 1988, its first full year as a subsidiary of the property giant MEPC.

Earnings per share rose from

4.95p to 6.04p. There is no final dividend proposed after an interim payment of 4.05p. Oldham made: a total dividend payment of 7.25p : in

Mr James Tuckey, Oldham;

chairman and MEPC managing director, said future dividend payments would largely depend on the parent group's requirements, although minor-ity interests would be kept in

MEPC owns 99.8 per cent of Oldham, leaving some 670,000 shares in the hands of about

seven months before reluc-tantly recommending its £516m takeover terms in September

The absence of a dividend will be no novelty for long-time Oldham shareholders. Under Mr Hyams' long tenure, most famous for the development of Centre Point, the London office block left vacant for 15 years in By far the largest minority block left vacant for 15 years in holding is owned by Mr Harry. Hyans, who built up Oldham during his 28 years as chair. 1985.

### Assets rise at Murray Smaller

Net asset value per ordinary share and B ordinary share of Murray Smaller Markets Trust stood at 196.67p at November 30 1988, compared with 152.1p a

year earlier.
Dividends and interest Dividends and interest received in the first half rose from £1.51m to £1.7m. But underwriting commission fell sharply to £3,758 (£24,114). Revenue before tax rose slightly from £1.04m to £1.09m. Earnings per ordinary share came through at 1.37p (1.25p). The interim dividend of 0.65p (0.55p) was paid on January 4.

### SHARE STAKES

Changes in company share stakes announced recently include: Brunning - County NatWest Smaller Companies Exempt Fund is now beneficially interested in 399,582 ordinary (8 per

Cosalt - Las Investment Management has disposed of 185,000 ordinary and now holds 865,000 ordinary (7.75 per Fledgeling Japan - Stitching Philips Pension Funds B has acquired 3.45m shares (6.39 per cent), increasing its total holding to 4.8m (7.96 per cent).

Floyd Energy - Caspen Oil and British and Common-wealth Securities have disposed of their respective 6.9 per cent and 9.4 per cent interests in the ordinary shares. Scottish Amicable investment Managers now controls 8.53m ordinary (10.2 per cent). Garton Engineering - Prim-

rose Hill Securities has acquired 25,000 ordinary at 170p and now holds 682,100 shares (18.98 per cent). Great Western Resources -Certain directors have purchased a total of 110,000 shares

prices ranging from 105p to 107p per share. Mr Daniel Pena bought 60,000, making a total holding of 10.39m (43.5 per cent); Mr John Earnest bought 20,000, making 55,000 (0.2 per cent); Mr Gary Loveless bought 30,000, making 2.37m (9.9 per

GT Japan Investment Trust – Sun Life Assurance Society and its discretionary managed clients now hold 4.54m ordinary (14.54 per cent). Investment Trust of Guernsey

- Island Properties has acquired 194,419 ordinary and of clause A common stock at now holds 5.45m (7.67 per

AC Holdings has confirmed its interest in 1.71m ordinary (10.08 per cent). Royal Trust Asset Management has confirmed that discretionary funds under its management are interested in 1.51m ordinary (8.96 per cent).

Trevian - Frogmore has exercised its remaining options to acquire 1m 10p ordinary at 100p per share, taking its total to 2.75m (29.66 per cent). The Im shares were bought from Mr David Dutton, Trevian's chairman, and his family inter-

Despite the mild winter Flogas is looking for satisfactory profit growth over the year to

May 1989. The forecast follows a 20 per

(2.1p).
The company is Irish-based, and imports and distributes liquefied petroleum gas with plants in Leicester, Newport (Wales) and Newcastle-upon-Tyne. Its shares are quoted on the USML

Turnover rose to £10.28m (£9.37m). Volume sales increased in all geographical increasing its penetration.

## RCO advances 43% to £2m

the current financial year, and

RCO HOLDINGS, the cleaning and related services company, announced pre-tax profits up from £1.4m to £2.01m in the year to September 30 1968, an increase of 43 per cent. The result was achieved on

group turnover up 31 per cent to £22.49m (£17.19m) and other operating income of £29,000 (£31,000), After operating costs of

£20.55m (£15.86m), profits at the operating level were up to £1.96m (£1.36m). Net interest receivable over the period amounted to £47,000, np from

Tax accounted for £732,000

(£513,000) and earnings per 10p share worked through at 12,09p (8.75p). The recommended final dividend of 4p makes a total for the year of 6p compared with 4.38p. Mr Robert Eastham, chair-

man, said the good start to the year had continued into tha second half with growth in both the public and private

Start-up costs related to public sector contracts, which account for some 40 per cent of the group's business, were still significant, he said, although these had been more than off-

higher profitability, Private sector business had experienced a slight easing of pressure on margins due to n more realistic pricing poilcy being adopted by the industry generally.
The first three months of the

current year had started well, he said, and the potential mar-ket for the industry continued

In the near future the second round of NHS tendering, together with the local author-ity competitive tendering exercise, would produce increased opportunities for the company, he said.

## Spice omits final after profits drop to £23,000

slump in profits at Spice in the year ended September 30 1988, and the dividend is cut.

on the first half results," a statement said. Benefits of the national centre at Dunstable

down from £1.26m to just £23,000. Earnings shrank to 0.5p (13p) and there is no final dividend, leaving the year's total at 1.2p (3.6p). Sales last year rose from £22.55m to £28.7m.

The result, and non-payment of the final dividend, were expected following the company's statement last month. Yesterday, Spice repeated its warning that it will move into losses in the first half of the

current year. "Start-up costs combined with additional costs associ-

TOO MUCH concentration on ated with the delay in opening acquisitions, combined with a national distribution centre increased competition, led to a will have a significant impact

The USM-onoted autoparts ought to make themselves felt distributor and wholesaler yes in the second half. Last year's poor performance was blamed on "a combination of external circumstances, together with the loss of management concentration on its

core business" In the past five weeks, both the former managing director and finance director have resigned. Mr Gordon Spice, the racing driver who is chairman of the company, has refused to elaborate on their departures. He was not available for com-ment yesterday.

The shares shed 1p to close at 70p, capitalising the com-

### Core growth as **Pathfinders** advances 13%

In the half year ended September 30 1988 Pathfinders Group, the specialist media and entertainments recruit-ment agency, lifted turnover by 10 per cent and profits by 13

Mr Stephen Worth, chair-man, said the core husiness përformed Well in good market conditions, aided by the traditionally strong summer period

for temporary staff. Turnover came to £1.07m (£975,000) and pre-tax profit was £337,000 (£298,000). Earnings worked through at 0.94p (0.8p) and there is a maiden interim dividend of 0.3p. The group came to the USM in November 1987.

The chairman said the new offices planned for the first half were delayed, but had been opened since. The Covent Garden and Bristol offices were

### **UK NEWS**

# High interest rates and strong pound dent confidence in exports

Peter Norman examines the Confederation of British Industry's latest quarterly survey on industrial trends.

I IGH INTEREST rates at the end of November.

Although the survey an increase in the num confidence among British manufacturers and prompted a sharp fall in export optimism. The Confederation of British Industry's latest quarterly industrial trends survey sug-gests that manufacturing output, which was growing at an annual rate of 7 per cent late last year, will grow at a slower annual rate of 5.5 per cent in

amual race of 5.5 per cent in the first quarter of 1989. This follows a slowdown in the growth of new orders over tha last four months and reflects expectations of reduced order growth in the period to April. The survey, which ones-tionad 1,300 companies

uary 11, shows, however, that industry does not yet plan to cut back investment in plant and machinery. In fact two firms in five plan to anthorise more spending on plant and machinery in the next 12 months, while 35 per cent intend to keep their invastment spending

between December 15 and Jan-

The latest survey is the first since July 1986 to show a larger number of companies less optimistic about future business trends than they were four months ago than the num-

That said, 65 per cent of the companies polied were neither more nor less optimistic than they were in October, despite the increase in bank base rates to 13 per cent from 12 per cent tive balance of 18 per cent, it is

Although the survey shows an increase in the number of

price expectations at the start of any year, and the CBI's find-

general business situation than four months ago, while 21 per cent were less confident. The resulting percentage balance (the proportion reporting a rise minus those reporting a fall) was minus 6 per cent compared with plus 6 per cent in October. Output and orders: The rate of ontput growth rose strongly over the past four months. Of

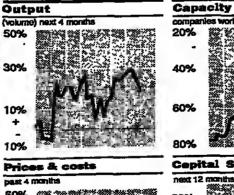
cent experienced o decline in production to give a positive balance of 30 per cent. This compared with a positive balance of 21 per cent in October.
A significant slowdown in growth of output, however, is expected over the next four months - 29 per cent of companies polled expect an increase

**Business** confidence compared with 4 months ago 10%

Prices & costs

1982 84 86 88 1982 84 86 88

ance of 24 per cent recorded in October. The growth in orders slowed in the four months to January. A positive balance of 16 per cent of the companies surveyed said their orders rose in the past four months compared with positive balances of 21 per cent in October, 24 per cent in July, and 31 per cent in April. The balance of companies now expecting ordars to increase in the next four months has fallen to 21 per



Cepital Spending 1982 84 86 88

Some 32 per cent of compa-nies said their export orders fell in the past four months cent from 24 per cent in Octocompared with only 17 per cent reporting a rise. This produced a negative balance of 15 per cent against a positive balance in October.

Whereas in October a positive balance of 7 per cent of companies expressed optimism about export prospects for the next 12 months, the latest CBI survey reveals that a oegative halance of 9 per cent are more cautious about the future.

80%

per cent expecting export deliveries to increase.
Capacity and constraints on output: The proportion of companies operating below capacity has remained steady at the low level of 31 per cent for the third successive CBI quarterly survey. But the latest survey shows signs that capacity constraints on British industry are easing as new plant comes on stream and orders slacken. Of the companies polled 88 per cent said that their present

1982 84 86 88

Numbers employed

Orders

30%

fixed capacity was at least ade-

quate to meet axpected demand over the next 12 months. This compared with 80 per cent in October. Lack of skilled labour is now more likely to limit output in

shortage of plant capacity. The survey said 17 per cent of companies expressed fears about capacity constraints compared with 29 per cent in October.

A shortage of skilled labour is now cited by 25 per cent of companies as a possible limit on ontput compared with 28 per cent in October. Employment: The trend in manufacturing employment

continues to be upwards, according to the CBL The survey said a positive balance of 14 per cent of com-panies increased their workforce over the past four months, up sharply from the 4 per cent positive balance of companies which took on more workers in the four months to October. However, a positive balance of only 1 per cent expect further increases in employment over the next four months compared with a positive balance of 4 per cent in

Costs and prices: Unit cost increases remained steady over the past four months with the balance of firms reporting an upward trend staying unchanged at 22 per cent, How-ever the CBI expects a pickup in the growth of costs over the first four months of this year, with a positive balance of 34 per cent expecting increases compared with only 25 per cent last October.

Average prices at which domestic orders are hooked rose less rapidly than expected over the past four months, with a positive balance of 23 per cent of companies report-ing price increases compared with 26 per cent in October.

The CBI said the outlook is for a faster rise in factory gate prices with a balance of 37 per cent of companies expecting prices to rise over the next four months compared with 32 per cent in October. CBI econo-mists expect the rate of increase in producer output prices will quicken to an annual 5 per cent in the first quarter of this year, from 4.9 per cent in the final 1988 quar-

Investment: investment is continuing to grow strongly despite high interest rates and deteriorating export prospects. A positive balance of 21 per cent of firms plan to authorise more capital spending on plant and machinery over the next 12 months. This figure is unchanged from October. However, companies plan on balance to invest less in buildings than they did at the time of the

CBI economists expect that investment will increase by 9.5 per cent at an annual rate in the second and third quarters of this year compared with 10.1 per cent in the middle quarters

Industrial Trends Survey. No.111, Jonuary 1989. Annual subscription, CBI members: £120; Non-members: £195. CBI, Centre Point, 103 New Oxford St., London WC1A 1DU.

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her expressing greater opti-mism about the future.

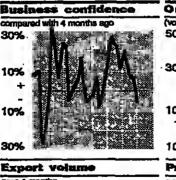
companies expecting costs and prices to rise in the first four months of this year, inflationary fears may be exagerated.

There is a strong seasonal element in higher cost and

ings on cost and price developments since October suggest that were less inflationary pressures over the past four months than manufacturers had feared or hoped at the time of the last survey. Business optimism: Only 15 per cent of firms said they were more confident about the

the surveyed companies 40 per cent said their output increased, while only 10 per

while 11 per cent anticipate a Although this gives a posi-



a drop from the positive bal-Exports: Optimism has fallen significantly over the last four months, reflecting a sharp fall in export orders recently and expectations of a

panies reported that recent export orders had risen. In line with the decline in orders, 28 per cent of companies expect their export deliveries will fall in the next four months compared with only 20

when a net 9 per cent of com-

# **EC** Ministers agree farm policy reforms

meetings for the next six mals. months, got off to a flying start yesterday when agreement was reached on a complex but substantial package of farm policy

After a long night of negotia-tions on Monday, which almost lasted till breakfast time yes-terday morning, the member states approved by majority vote a series of measures, including key changes to the EC's beef regime, a radical scheme for making direct income payments to the Commnnity's poorest producers, and a compensation plan for dairy farmers unfairly deprived of milk quotes when the controversial system was

introduced in 1984. Britain, Ireland and the Netherlands all voted against the package — in each case because their ministers were unhappy about aspects of beef

– but between them they were
insufficient to form a blocking

minority.

The final deal on beef will weaken the support for producers provided by the EC's inter-vention buying, which will be restricted to a maximum of 220,000 tonnes per year (there has hitherto been no limit). A safety net, however, has been pnt in place, so that when mar-ket prices in at least three er states or regions fall below 80 per cent of the inter-vention price, the EC will guarintee to buy at 80 per cent of

the intervention price. While these arrangements vere of most concern to the Irish. Britain was unsuccessfully battling to modify the details for the payment of the new special premium The commission, however, and Greece.

MR RAY MacSharry and Mr Carlos Romero, respectively the new Agriculture Commis-sioner in Brussels and the Spanish Chairman of EC farm

Britain and the Netherlands claims that this discriminates against specialist beef farmers, but officials in Brussels argue that more aid will be channelled to those producers with small- and medium-sized beef herds. As such, this helps answer criticisms that too much money under the Com-mon Agricultural Policy goes to larger farmers, who do not

need it.
The new beef regime, in fact, will redistribute resources, rather than making any signifi-cant budget savings — a factor which influenced the negative

Under the income aids plan. Under the income aids plan, direct payments of up to Ecu 2,500 "per man work unit" will be possible, with up to Ecu 1,000 per unit coming out of EC resources. Contributions from national governments will range from 70 per cent in the richer member states to 25 per richer member states to 25 per

cent in the poorest.
The so-called "shum" problem how to compensate milk producers who were deprived of milk quotas because they had voluntarily but temporar-ily come out of dairying under schemes in the late 1970s -has been solved by guaranteeing them 60 per cent of their dues. However, those who qualify will have to show that they genuinely want to go back into business.

Agreement was reached by ministers on the definition of a small producer for the pur-poses of the cereals co-responsibility levy, a system of sup-port for nnt producers in Spain, and a series of green currency changes for Ireland

### WEEKLY METALS PRICES

All prices as supplied by Metal Bulletin (last week's prices in

ANTIMONY: European free market 99.6 per cent, \$ per tonne, in warehouse, 2,000-2,125 BISMUTH: European free

market, min. 99.99 per cent, \$ per lb, tonne lots in warehouse, CADMIUM: European free market, min. 99.5 per cent. \$ per lb, in warehouse, ingots

8.30-8.50 (same), sticks 8.30-8.50 market, 99.5 per cent, \$ per lb, in warehouse, 7.65-7.85 (same). MERCURY: European free

COBALT: European free

market, min. 99.99 per cent. \$

per 76 lb flask, in warehouse,

275-290 (same). MOLYBDENUM; European free market, drummed molyb-dic oxide, \$ per lb Mo, in ware-bouse, 3.50-3.53 (same).

SELENIUM: European free market, min 99.5 per cent, \$ per lh, in warehouse, 8.96-9.15 TUNGSTEN ORE: European

per cent, \$ per tonne unit (10 kg) WO, cif, 55-64 (56-64). VANADIUM: European free

market, min. 98 per cent, VO, cif, 10.00-10.95 (8.50-9.00).

COCOA Ettorno

URANIUM: Nnexco exchange value, \$ per lb, UO, 14.15 (same).

# London's crude oil traders look to the futures

Steven Butler analyses the success of the International Petroleum Exchange's relaunched contract

THERE WAS plenty of scoffing among oil traders last June when the London-based international Petroleum Exchange amounced the relaunch of its Brent crude futures contract, with slightly modified specifi-

Almost everyone could think of a reason for the contract to flop – as had its predecessors, the latest of which launched in

The community of locals who would trade on their own accounts among themselves to build volume and liquidity, as in the US markets, was woe-fully small. And the membership of the IPE seemed bent on ensuring that the new contract would be still born when it would down a proposal that would, in an effort to build liquidity, bring in more trad-ers. IPE members feared that would dilute the value of their

own memberships.

There were questions about the likely level of oil industry participation, since the big traders were already active in the Brent forward market, trading in write of 500 000 and trading in units of 500,000 and 600,000 barrel tankers. Did the industry need a futures con-tract when it could use the forward market for hedging pur-poses, and could the contract succeed without the active par-

succeed without the active par-ticipation of the big players?

The relaunch of the Brent contract was something of a last ditch effort when the mem-bership of the New York Mer-cantile Exchange, the world's higgest energy futures market, scuppered plans to trade a con-tract in West Torac Intermeditract in West Texas Intermediate Crude in London, before trading opened in New York. Mr Peter Wildblood, the IPE

however, that the breaking off of talks by Nymex, seen as a severe blow at the time, was a blessing in disguise.

That was because the Brent Crude contract, launched almost in desperation, has heen a roaring success. Monthly trading volume grew steadily from July to Novem-

steadily from July to November, peaking at 80,411 contracts. December volume was off the peak at 69,413, reflecting more stability in oil prices following the November Opec meeting and the holiday lull.

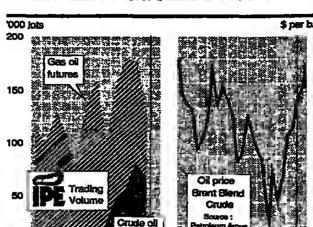
However, the level of open interest continued to grow to 22,326 contracts in December. Open interest (the total of unmatched contracts) is regarded as a rough indicator of industry involvement, as of industry involvement, as speculators are unlikely to run

positions for long.

The crude oil contract has yet to match the good, steady volumes achieved in the IPE's gas oil contract, which has alone sustained the exchange in recent years. Mr Wildblood believes, however, that the new crude contract is already firmly established and has far greater growth potential than the gas oil contract because of the much higher volume of underlying crude oil trading.
The fact that Brent oil prices are used in formulas for determining prices for many Middle East crudes broadens even fur-

ther the contract's potential The contract's recent success, after several earlier IPE failures to launch crude futures, is undoubtedly due in some part to minor revisions of the contract specifications that have made it more attractive.

important are changes in the



oil industry since the IPE's last ill-fated attempt.
The oil industry is now a

trader's husiness as it never was in the past. The major oil companies lost control of their Middle East reserves in the 1970s, but for years afterwards there remained broad stability there remained broad stability of supply and price arrangements. Although a spot market for oil had developed early on, this represented only a small portion of the world's oil trade and prices were more indicative of short-term surpluses and shortages, rather than broad market trends.

broad market trends. The forward market for Brent oil developed initially as a device through which North Sea producers could establish a market price for crudes in ties. The contract size of 600,000 barrels (since reduced 500,000 barrels), however, put the market out of reach of all but oil producers, or well an but our producers, or went capitalised trading companies. Since 1986, however, several important changes have taken place. First came the dramatic rise in the volatility of oil prices following the collapse in 1986. That was the factor underpinning the meteoric growth of crude oil trading at Nymex, where contracts are based on non-exported West Texas Intermediate crude. WTI contracts, however, are

hedging other international trades, since WII prices can respond independently to local market factors in the US.

often a poor instrument for

Second, the forward market gone important changes. Sev-

eral traditional oil trading houses have been knocked out of the market after heavy losses. Even some Japanese trading companies, which became active after 1986, have dropped out after betting the wrong way on prices at the end of 1987.

Two main categories of players are left the big oil companies and the well capitalised wall Street commodity houses, such as Drexel Burnham Lam-bert, Morgan Stanley, J Aron, and Salomon Bros., which also entered the market in force

after 1986.

The declining number of players has raised fears of a drop in liquidity. Although Petroleum Argus, the weekly oil journal, reports that its tabulation of deals has shown a least of over 2,000 drop from a peak of over 2,000 in the fourth quarter of 1987 in the fourth quarter of 1987 and first quarter of 1988 to less than 1,776 deals in the third quarter, it also suspects that the drop in reported contracts reflects, at least in part, a rise in confidential deals. It is not clear that the volume of trading is significantly down.

Although the health of the forward market for Brent oil is vital to the IPE's contract, because the contract's cash set-tlement provisions are based on an index of forward market prices, the high risks of the Brent market have probably shoved a number of potential customers in the direction of

The smaller contract size, 1,000 barrels at the IPE instead of 500,000 thousand barrels in the forward market, makes the risk much more manageable: The tighter regulatory environment also may reassure some participants as to the broad safety of the market, although some traders may still great the forward market in spite of the higher risks because deal ing costs are less.

Another factor has been the activities of the commodity.

activities of the conductively as the "Wall Street refiners". These act as risk managers for clients with a wide variety of portfolios by taking some of the risk on their own books. They need markets on which to offset that risk, and the IPE contract provides a useful

Apart from these changes in the trading environment, of companies have, after a head-ing in period, simply become accustomed to the role of futures.
"What we have seen over the

past year is a better under standing by the industry of futures and options trading says Mr Wildblood. It is all very good news for.

the IPE, which now appears to have a well-marked path of growth mapped out. The value

growth mapped out. The value of seats on the exchange has risen sharply from £8,000 in 1985 to over £75,000.

The exchange this month broke a good London tradition—the lunch break—in order to capture business from early morning traders in the US who arrive at their desks before the opening of the Nymex.

Traded options in crude oil, are to be introduced in the spring, and the IPE is searching for ways still to bring in more locals to the floor.

After that the exchange has its eye on a heavy faci. contract, and one for light petroleum products, probably

leum products, probably unleaded gasoline, slong with-parallel option contracts.

# Dutch aim to get in on the act

By Laura Raun in Amsterdam

ROTTERDAM HOPES to launch a new energy futures exchange by September in yet another attempt to build on

the Dutch port's established role in physical oil trading, The exchange will get off the ground only it the oil industry shows enough interest, meaning at least 90 of the 120 available seats must be sold, according to organisers. Applications have been received for about 50 seats - which sell for FI 25,000 (£6,800) - since January 16. They have come from a broad spectrum of the industry, including brokerage houses, market makers and private investors, according to a Rot-terdam Chamber of Commerce official. Most inquiries have

Futures Exchange would be the second such bourse in Europe, after the International Petroleum Exchange in London, founded in 1981. Two con-

been from domestic market

The Rotterdam Energy

LONDON METAL EXCHANGE

tracts would be offered, one in Brent blend crude oil and the other in gas oil (both already traded on the IPE).

Initial reaction inside and outside the Netherlands has been highly sceptical with most traders doubting the need for another oil futures exchange in addition to the IPE and the New York Mercantile Exchange. Rotterdam has become syn-

onymous with spot prices for crude oil and refined products because it is the world's largest refining and storage centre, as well as a gateway to the Rhine river barge market. But the Rotterdam spot market got its goes passed through the port rather than because traders congregated there.

The spot market is actually a global network of traders who deal with each other via inter-Paid-up share capital on the Rotterdam exchange amounts

**WORLD COMMODITIES PRICES** 

(Prices supplied by Amalgamated Metal Trading)

AM Official Kerb close Open Interes

to F1 3m, with half put up by the European Options Exchange in Amsterdam and the other half by Rotterdam interests, including the munici-pality and the Chamber of Commerce. The options exchange has tried repeatedly to organise an energy options exchange but oil traders have

shown little interest. Futures exchange backers believe the planned contracts will be more attractive because of the opportunity for physical delivery, made feasible by Rot-terdam large storage capacity. But sceptics note that physical delivery is also now possible on the IPE.

tract would cover 1,000 US barrels of Brent blend or other price-adjusted crudes, the same as on the IPE and Nymex, thus facilitating arbitrage between the markets. Prices would be quoted in US dollars and settlement would be in cash or physical delivery.

# Norway's Heidrun plan shelved

THE FIRST PHASE of production from an important Norwegian oil project has been shelved while the operator, Conoco Norway, reviews the plan for the main development scheme. The company is the Norwegian subsidiary of the Houston-based Conoco Inc., which is in turn owned by Du Pout de Nemours, the largest US chemical company, Although Conoco is not will-ing to proceed with the Hei-

drun early production scheme, which would have seen oil flowing from mid-1990, it will have to obtain backing from partners and the Norwegian authorities for its decision. foundered last month when Conoco halted main contract egotiations with K/S Nordic

Invest, a Norwegian consortium which was to build the monohull production vessel, because it had received infor-mation that Nordic was unable to carry out the project in

accordance with its bid. At that time Conoco was willing to continue the project if the consortium was able to salvage its bid. However, late on Monday night Conoco said it was not willing to proceed further with the early production ship pro-

During the re-evaluation phase of the project Conoco said it "seriously" considered several direct ownership alternatives to get the project off the ground but the options did not give sufficient advantages and "could not be accom-plished without considerable delay beyond original elay beyond original plans."

utive, the early production schedule would have been over-shot by at least a year had the company continued with development plans. It would then not have been

an early production scheme but rather a buffer in the event of delays on the main develop-

Conoco is now forced to rethink the entire development and to increase efforts to reduce costs. Already some NKr 1.5hn (£125m) in develop-ment costs has been saved. However, Norwegian authorities may force Conoco to explore the Heidrun field more (BIR L' L'

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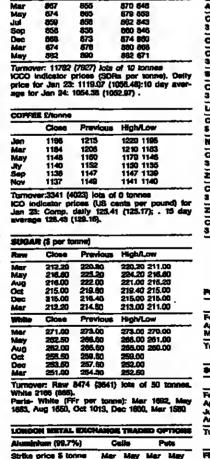
thoroughly before approving any new development scheme. Although the field is said to be Norway's fourth liftgest; the Norway in Petroleum Director ate (NPD), Norway's watching over the oil and gas industry, cut estimates for recoverable oil reserves to 550m barrels from 750m barrels. Since the new base said. large ratio of gas reserves, the company will have to secure a gas sales contract before deve

opment approval is given. That is unless Conoco comes ap with an innovatory gas off-take solution which is acceptable to Norwegian authorities, which do not allow gas to be flared.

# LONDON MARKETS

ZINC prices continued their recont advance to fresh records yester the LME on the threat of further Peru. Pre-market prices surged following news that workers at Industriales Penoles SA de CV's Naica gone on olrike, with the possibility that tha stoppage could spread to the company's important Torreon emelting later this week to resume strike action if mine owners do not satisfy their pay demands. In addition, the International yesterday that 1988 non-Socialist world zinc consumption was a record 5.3m tonnes against 1967's 5m tonnes. Cash sed at \$1,800 a tonne tollowing some afternoon profil-taking. The builish sentiment in zinc opilled over

Shot Mylecuts		
Crude oil (per barrel FOB)		+ or - 1
Dubal Bront Blend W.T.I (1 pm set)	\$14.30-4.40z \$18.75-8.85w \$17.70-7.75z	+0.05
ON products (NWE prompt delivery per to	onne CIF)	+ or -
Premium Gasoline Gas Oil	\$177-179 \$144-145 \$73-75	-1 <sup>1</sup> 2 (
Heavy Fuel Cal Naphtha Petroleum Argus Estimates	\$155-157	-3
Other		+ 07 -
Gold (per troy cz) \$ Silver (per troy cz) \$ Platinum (per troy cz)	016c \$537.0	-0.5 -4 -4.5
Peliadium (per troy oz)	\$141.0	+1.1
Aluminium (free market) Copper (US Producer) Load (US Producer)	\$2360 169 %-63c 40c	+35 + 12
Nickel (free market) Tin (European free market) Tin (Kuala Lumpur market)	870c £4342.5 20.30r	+ 10 + 25
Tin (New York) Zinc (US Prime Western)	350.50 75% c	+3.4
Cattle (live weight)† Sheep (dead weight)† Piga (live weight)†	110.16p 142.37p 78.20p	+ 10 + 25 + 3.4
London daily sugar (raw) London daily sugar (white) Tate and Lyle export price	\$278x	-7.4 -2 -5.5
Barley (English feed) Maize (US No. 3 yellow) Wheet (US Dark Northern)	£118.25w £132.5 £128.1v	+0.5
Rubber (spot) W Rubber (Feb) W Rubber (Mar) W Rubber (KL RSS No 1 Feb)	S1.75p 69.60p 69.75p 306.0m	+0.75 +0.75 -0.75 +1
Coconut of: (Philippines)§ Palm Oi! (Melaystan)§ Copra (Philippines)§ Soyebeans (ISS) Cotton "A" Index Vitoohops (64s Super)	\$536# \$386 \$380 \$182 63.80c 680p	+15
E a tonne unless otherwise e-cents/lb. r-ringglt/kg. z- May. u-Fob/Apr. q-Apr. x-F	Mar. W-Fcb.	v-Apr/ k Com-



oz)	\$141.0	+1.1	Paris- White (FFr per				
ricot) er)	\$2360 169 %-63c 40c	+ 35 + 12	1683, Aug 1650, Oct 10				
	870c	+ 10	LONDON METAL EXCH	بموردم	TRAC	<b>B</b> 9	FT10
	£4342.5	+25	Alumintum (99.7%)	C	ulle	8	Apr
ruericet)	20.30r 350.50	+3.4	Strike price \$ tonne	Mer	May	Mer	Me
item)	75%c		2250	169	186	31	90
	110.160		2360	106	136	65	136
<b>3</b> †	142.37p		2450	50	95	118	193
	78.20p		Copper (Grade A)	C	حلا	9	<b>حال</b>
(raw)	\$242.0x	-7.4	3000	439	336	20	150
(white)	\$278x	-2	3200	282	234	61	242
t price	£243.5	-6.5	3400	162	158	130	362
	£115.25w	-0.25					
low)	£132.5 £126.1v	+0.5					
	S1.75p	+ 0.75	COTTON				
	69.60p	+0.75	Liverpoof- Spot and s	hiema	nt sak	s for	the
	69.75p	r 0.75 + 1	week ended Jenuary				
1 Feb)	308.0m		tonnes against 423 to	nnes i	n the p	revio	
nes)5	\$535×	+ 15	week. Trading was fai				_
净	\$385		occurring in largell an	of Wes	it Atric	en ga	ods.
	\$360						
	\$182		Į.				
	63.60c						
<u>)                                     </u>	660p		ì				
ervite:	stated, p-pe	иселиз.	1				
rka. z-l	Mar. w-Fcb	. v-Apr/	JUNE				
	Mar. TMe		C and I Dundee BTC I	476. E	WC S	485. B	TD
	ices. " chen		\$425, BWD \$435; c and				
	ysical mark		8WC \$445, BWD \$400,				
			1	,			
	kat close. n	-Maisy-	i				
				_			

Aluminium	, 99.7% purity	(\$ per tonne)			Ring tur	laver 12,875 tons
Costs 3 months	2415-25 2370-6	2354-8 2320-2	2380/2366	2410-20 2365-70	2360-3	23,110 lots
Copper, G	rade A (C per	tonne)			Ring turn	10ver 31,100 tonn
Cash 3 months	1975-60 1868-9	1945-50 1839-40	1957/1965 1869/1845	1955-6 1648-8.5	. 1865-5.5	64,679 lots
Silver (US	cents/line ou	nce)			BI	ng turnover 0 oz
Cash 3 months	012-5 625-8	S13-6 625-9		617-9 630-2		407 lots
Leed (£ po	r Ignoe)				Fling tur	nover 4,175 tonn
Cash \$ months	380-2 381-2	374-6 376-7	381,5/361 381/378	381-1.5 380.5-1	380-2	9,595 lote
Mickel (5 p	er tonne)				Fling tur	nover 1,254 tonne
Gesh 3 months	19100-200 18450-500	19000-100 18350-75	19300/19200 18750/18200	19100-200 18300-400	18200-60	5,774 lots
Zīna, Spec	fel High Grad	e (5 per tonne)			Aling tur	nover 4,075 toran
Cash 3 months	1840-5 1795-800	1825-30 1784-6	1515/1795	1656-7 1810-2	1785-05	2,128 lots
Zinc (\$ per	tonne)				· Pling tur	nover 9,025 tonne
Cesh	1798-802 1751-3	1780-6 1730-5	1805 1765/1742	1800-6 1767-8	1740-5	12.057 lots

					_			•
0747f	MES E/ton	~~		LORIDON S	4911	~= ~~=	_	
JIAIL	Close	Previous	High/Low	Gold (fine or			tnelavlupe 3	_
<b>-</b>	55.0	80.0		Close	<del></del> -	4-4074	22912-230	_
pr	67.3	68.5	68.0 00.6	Opening		4-407	229-22912	
lay	77.5	79.Q	78.1 77.0	Morning fix	407	.00	228,908	
uirnov4	r 357 (21	7) lots of 4	Q tonnes.	Attarnoon fi Day's high Day's low	406	130 12-410 12-407	229.834	
OYAB	EAN MEA	L E/tonne						
	Close	Previous	Nigh/Low	Colum	<b>5</b> £	rice	£ aguivalent	_
<b>ab</b>	163.00	162.00		Mapleleat	416	-424	238-239	_
Dr.	165.60	163.60 157.00	165.50 163.00 156.00	Britannia		424	235-239	
ug	154.00	153.00	152.50	US Engle		424	236-230	
	- 99 MON	ote of 20 to	20000	Angel Krugermad		⊢424 ⊢408	229-231	
	,,.		-inroa	New Sov.	95	4-96-34	54-54-4	
		CO Cappada		Old Sov. Noble Plat		4-90-4	54-54-4	
LEAST.		S \$10/Inde		resord Figs	04/	.80-558.70	307.40-312.50	,
	Ciose	Provious	High/Low					
eb En	1635 1636	1640 1652	1636 1634 1647 1635	SHVer SK	P/Π	ne oz	US cts equiv	,
DF DF	1663	1678	1671 1660	Spot	349	.05	621,00	_
i	1454	1475	1470 1450 -	3 months	360		635,60	
CE .	1580	1585	1580	0 months	371		650.80	
in Fi	1995 1645	1595 1646	1525	12 months	391	450	680.80	
UTTOVE	c 330 (61/	9						
	•	•		CRUDE OIL	\$/ber	nel		_
AADNS	£/tonne		<del></del>		Close	Previo	us High/Low	_
heat	Close	Previous	High/Low	Mer	18,01		16.01 15.70	
<b>a</b> r	114.55	114.40	114.85 114.45	'Apr IPE Index	15.50 18.27		15.80 15.50	
Ty.	118.00	117.86	118.00 117.96					
art 	119,60	119,35 102,95	119.00 117.05	Turnover: 42	<b>90</b> (2	554)		
\$\$ \$~	103.00 105.45	105.45	103.00 106.45 106.35					
 17	108.95	108.80	108.85 108.80					_
				GAS OIL SA			14.1	_
urlay	Close	Previous	High/Low	Clo		Previous	High/Low	
ar	111.10	111.50	111.00 111.00		L76	145.75 144.00	144.75 142.50	
	113.15	113.55	113.25 113.10		700 700	141.00	142.75 140.50 140.00 137.60	
sp '	100.25	100.40	100.40 100.25		1.76	137.75	138.75 134.50	
~	102.85	102.85	102.85	Jun 134	.60	135.50	135.00 133.00	
move	c Wheat	88 (211) . E	lerley 36 (28) .	Jul 135	.go	136.00	134.25 133.50	
					_			_

OOLD							7,600lbs; ce	
	100	5000	W 07			Close	Previous	Hig
					_ Mar May	134.51	140.85	136
la.	Close	Previo			- 44	129.26	135.00	13
Jen Feb	406.0	407.5 408.5	407.0 411.2	405.8 406.0	Sep	126.70	132.60 132.20	131
4ar	408.7	411.0	412.2	412.0	Mar	128.55	132.20	130
PL DL	411.2	413.5 418.7	416.3 421.1	410.8 416.3			D =11" 112,0	
ug	421,5	424.2	424.5	421.5		Close	Previous	Hile
ec	427.4	429.8 435.4	428.4 438.5	428.4 432.7	Mar	9.40	9.62	
eb	406.3	408.5	411.2	406.0	May	9.55	9.90 -	9.7
					ᄺ	9.53	9.84	9.7
LATE	WW 50	troy oz: \$/	troy oz.		- Oct	9.47 8.41	9.73 9.67	9.0
	Close	Previou		ow	Mar May	9.25	9.53	8.4
în .	531.2	540.5	538.0	532.0		9.25	9.51	
<b>P</b> F	534.2	546.5	549.0	531.5	COT		t; cents/Ros	
ul let	529.2 527.2	541.5 639.5	543.0 537.0	527.5 627.0		Close	Previous	Hilg
	527.2	538.5	<b>529.0</b>	529.0	Mar May	58.96 59.27	58.03 .	56.
pr	530.2	542.5	532.0	532.0	Jul	59.30	59.38 59.30	69,4 59,4
					Oct	56.15	58.25	58.
A,VEF	5,000 b	ray oz; ce	nts/troy oz.		Dec	87.93 57.70	58.02	58.1
	Close	Previou	s High/La	<b>XW</b>	May	57.70	57.65 57.65	8
<b>B</b> D	613.0	618.4	620.0	619.0	ORAL	IGE JUICE	15,000 lbs;	
eb Ier	614.9	621,2	631.0	. 0		Close	Previous	Hig
ay .	629.5	636.0	841.5	617.0 627.5	Mar	137.40	140.60	140
ul.	640.5 651.0	647.0	652.5 001.5	638.0	May	735,60	T39.75	140
ec eb	606.5	657.5 673.1	680.0	649.5 684.0	Jul Sep	136.10 135.66	140.25 139.10	130
<b>171</b>	670.7	<b>677.4</b>	0	0	Nov	135.00	138.50	137
	695.4	700.2	0.289	683.0	-Jen Mer	135.00	138.50 138.50	136.
				•	May	135.00	138.60	0
OPPE		ibe; cent			CI	icag		
an	156,70	Previou 157.05	s High/Lo	158,70	-			
eb	152.80	163.06	0	0	501/		000 bu min:	_
	\$48.05 137.00	149.55 187.40	151.00 189.30	147.70 137.00		Close	Previous	H
<u> </u>	131.60	131,20	133.00	131.20	Mar May	767/4 777/6	755/4 766/0	71
ec eb	128.00 121.00	125.70 121.00	127.00 122.50	126.00 122.00	التاك	783/2	773/2	7
					Aug	777/Q 748/8	767/4 740/0	77
RUDE	OIL (Lis	ht) 42,000	US galla \$	/barrel	Nov	728/6	721/4	72
	Latest	Previou	High/Lo	w	Jen	736/0 743/0	729/4 736/0	7:
l <b>e</b> r	17.65	17.53	17.70	17.22	SOYA	BEAN OR	60,000 tbs;	
m br	17.25 16.88	16.90 16.55	17.31 18.90	16.81 16.60	_	Close	Previous	_
ᄣ	15.70	16.41	16.70	18.46	Mar	21,00		· H
ug	16,62	16.29 16.10	16,63 16,50	16.35 16.32	May	22.03	21.95 22.48	2
ep 대	16.48 16.35	16.13	16.50	16.15	Jul Aug	22.58 22.75	22.96	24
OA.	16.35	16.08	16,36	16.35	Sep	22.90	23.07 23.25	23
<b>50</b>	16.45	16.03	16.45	16.20	Oct	23.05	23.35	23
			и	<u> </u>	Dec Jan	23.40 23.45	23.60 23.65	23
		Previous	elis, centri High/Lor				23.65 SL 100 tons;	
b	Jamet 5080	5035	0125	5025		Close	Previous	H
ar .	4925	4888	4970	4540	Mer	251.2	243.6	25
<b>)</b>	4720	4685 4480	4780 4810	4660 4600	May Jul	248.3 245.2	241,1	24
	4555 4505	4379	4510	4400	Aug	241.0	238.5 234.0	24 24
•	4465	4339	4480 4520	4405 4520	Sap	295.0	228.7	23
ф	4520	4449	4320	4060	Dec	226.2 221,2	221.0	22
					Jan	222.0	217.5 219.0	22 22
COA		e:\$/tonne			MAIZE	5,000 bu (	min; cents/5	
	Close	Previous	High/Lov			Close	Provious	H
	1486	1486	1495 1455	1462 1427	Mar	272/2	270/2	27
ur 1					May	278/2		
n i	1447 1435	1445 1445	1447	1418			276/0	
r i	1447 1435 1425	1445 1485	1425	1415	Jul	281/6 274/2	279/2	28
ur i	1447 1435	1445				281/6		271 281 274 273

	Close	Previous	High/Lo	·		Close	Previous	High/Le	New Year
Mar	134.51	140.85	139.50	134.40	Mar	437/6	444/6	443/6	427/
May	131.60	137.43	135,50	131.50	May	432/6	437/2	437/0	4816
Jest Committee	129.26	135.00	133.25	129.10	उध	403/6	406/2	406/0	403/
Sep Dec	126.70	132.60 132.20	131.25	128,70	Sep	408/4	413/2	410/4	400/
Var	128.55	132.25	130.50 129.75	126.60	Dec	418/6	423/0	421/0	4174
				126,25	Mar	420/6	425/0	0	0.
BUG	AR WORL	3 <b>~11</b> 112,0	00 lbs; co	nts/fbg				•	1.4
	Close	Previous	High/Los	,					
Ver	9.40	9.82	9.71	9.40	ETVE !	CATTLE 4	0,000 fbs; ca	ode/Pho 17	10 A 1
Azy	9.55	9.90 -	9.82	9.63	-				
щ	9.53	9.84	9.75	9.60		Close	Previous	High/Lo	
ct	9.47	9.73	9.69	9.46	Feb	72.87	72.52	73.10	72.6
	9.41 9.25	9.67 9.53	9.42	0	Oct	70.80	70.B2	71.03	70.6
lay	9.25	9.51	0	9.26	Dec	71.90	71.95	72.05	71.8
		; cents/Ros	<u> </u>				· · ·		ar rock
								. '	
	Close	Previous	High/Lov		LAVE	H002 20.0	190 fb; cents	Wh	
ler.	55.96	58.03 .	59.18	55.50	- TATE				
lay	59.27	59.38	69,43	59.15		Close	Previous	High/Lo	TW .
ul	59.30	59.30	59.45	59.25	Feb	43.12	43.82	43.52	42.8
ect ec	58.15	58.25	58.25	58.25	Apr	42.22	42.37	42.60	-42.8
lar	57.93 57.70	58.02	58,10	57.90	Jun	47.07	47.85	47.25	46.8
ay	57.70	57.65 57.65	8	0	التأر	47.60	47.87	47.80	47.5
				<u> </u>	Aug	47.10	47.00	47.60	· 46.8
KAN	REE TRICE	15,000 lbs;	cents/lbs		Oct	43.75 45.35	43.75	43.85	43.5
	Close	Previous	High/Low	,	Feb	46.50	45.25	46.50	45.2
ter -	137.40	140.60	140.80		- 40		46.50	46.65	. 46.5
ley	135.60	140.50 139.75	140.00	137,30 138,50	• •		•		
d T	136.10	140.25	139,50	136.00					
êp.	135.55	139.10	130.25	136,00	PORK	1 H 1 H 50	40,000 lbs; c		
OV	135.00	138.50	137.75 .	157.75				BU(E/10	
100	135.00	138.50	136.00	186.00		Close	Previous	Highto	•
er ey	135.00	138.50	0 .	0 .	Feb	89.16	39,40	39.85	39.0
	135.00	138.50	0 .	0	Mar	28.92	39.97	40.45	30.75
					May	41.42	41.75	42.05	41.30
31	icag	O .			Jul	42.80	42.97	43.25	42.75
					Aug Feb	42.80 58.07	43.05	43.20	42.50
AYO	BEAKS 5,0				rec	58.07			
			cents Milli	humbal			57.47	57.00	58.60
					Mar	55.20	55.00	35.60	0
	Close	Previous	High/L				67.00	35.60 0	0
4er	767/4	Previous 755/4	High/La 789/0	· 759/0	Mar	55.20 57.00	55.00	35.60	0
Aer Nay	767/4 777/6	755/4 766/0	High/Lu 789/0 779/4	· 759/0	Mar	55.20 57.00	67.00	35.60 0	0
der day	767/4 777/6 783/2	755/4 766/0 773/2	High/L/ 789/0 779/4 786/0	759/0 770/0 776/4	Mar	55.20 57.00	67.00	35.60 0	0
Aar Azy tul tug	767/4 777/6	755/4 766/0- 773/2 767/4	759/0 779/4 786/0 778/0	759/0 770/0 776/4 770/0	Mar	55.20 57.00	67.00	35.60 0	0
Aar lay ul ug	767/4 777/6 783/2 777/0	Previous 755/4 766/0 773/2 767/4 740/0	769/0 779/4 779/4 785/0 778/0 749/0	759/0 770/0 776/4 770/0 744/0	Mer Mey Jul	55.20 57.00 57.00	67.00	35.60 0	0
Azy kuj kug kep kov	767/4 777/6 783/2 777/0 748/6 728/6 736/0	Previous 755/4 766/0- 773/2 757/4 740/0 721/4 729/4	High/Li 759/0 779/4 785/0 778/0 749/0 729/0 736/0	759/0 770/0 776/4 770/0	Mar May Jul	55.20 57.00 57.00	65.00 67.00 57.00	35.50 0 0	0
Azy kuj kug kep kov ken Azr	767/4 777/6 783/2 777/0 748/6 728/6 736/0 743/0	Previous 755/4 766/0- 773/2 767/4 740/0 721/4 729/4 736/0	High/Li 759/0 779/4 785/0 775/0 749/0 729/0 736/0 745/0	759/0 770/0 776/4 770/0 744/0 723/0	Mar May Jul	55.20 57.00 57.00	67.00	35.50 0 0	0
Azy kuj kug kep kov ken Azr	767/4 777/6 783/2 777/0 748/6 728/6 736/0 743/0	Previous 755/4 766/0- 773/2 757/4 740/0 721/4 729/4	High/Li 759/0 779/4 785/0 775/0 749/0 729/0 736/0 745/0	769/0 770/0 776/4 770/0 744/0 723/0 732/0	Mar May Jul	55.20 57.00 57.00	65.00 67.00 57.00	35.50 0 0	0 0 0
Azy kuj kug kep kov ken Azr	767/4 777/6 783/2 777/0 748/6 728/6 736/0 743/0	Previous 755/4 766/0- 773/2 767/4 740/0 721/4 729/4 736/0	Hight. (789/0) 778/4 785/0 778/0 749/0 729/6 736/0 745/0 00018/1b	769/0 770/0 776/4 770/0 744/0 723/0 732/0 741/0	Mar May Jul	57.00 57.00 57.00	65.00 67.00 57.00 57.00	95.60 0 0 or 15 1931 erinth ago	0 0 0 = 100)
Azy kuj kug kep kov ken Azr	Close 767/4 777/6 783/2 777/0 748/8 728/8 735/0 743/0 BEAN CIL Glose	Previous 755/4 766/0- 773/2 767/4 740/0 721/4 726/4 726/4 736/0 60,000 tbs; Previous	High/Lo 759/0 779/4 786/0 778/0 749/0 729/0 736/0 743/0 cents/lb	789/0 770/0 776/0 776/0 776/0 744/0 723/0 721/0 741/0	Mer May Jul REUT	55.20 57.00 57.00 57.00 57.00 57.00 57.00	65,00 67,00 57,00 57,00 1: September Jan 20 1906.0	95.60 0 0 or 15 1931 canth ago	0 0 0 0 100) 97 ago. 1768;3
Aay Aay Aug Aep Aer Aer Aer	767/4 777/6 777/6 783/6 728/6 728/6 736/0 743/0 BEAN OSL Close 21,00 22,03	Previous 755/4 766/0 775/2 767/4 740/0 721/4 728/4 736/0 60,000 lbs; Previous 21.98 22.98	High/Ld 759/0 779/4 785/0 778/0 729/0 739/0 743/0 High/Ld 21.00	759/0 770/0 778/4 778/4 770/0 744/0 723/0 741/0	Mer May Jul FRENT DOW	55.20 57.00 57.00 57.00 ERS (Buss Jan 23 1987.2 JONES (B	65,00 67,00 57,00 1: September Jan 20 1996.0 168: Dec. 31	95.60 0 0 or 15 1931 canth ago 1941;4	0 0 0 = 100)
Aay Aay Aug Aep Aer Aer Aey W	767/4 777/6 783/2 777/0 748/8 728/8 736/0 745/0 8EAN OSL Glose 21,00 22,03 22,58	Previous 755/4 766/0- 773/2 767/4 740/0 721/4 726/4 726/4 736/0 60,000 tbs; Previous	High/Lo 759/0 779/4 786/0 778/0 749/0 729/0 736/0 743/0 cents/lb	789/0 770/0 776/0 776/0 776/0 744/0 723/0 721/0 741/0	Mar May Jul REDT	55.20 57.00 57.00 57.00 57.00 57.00 57.00 57.00 57.00 57.00 57.00 57.00 57.00 57.00 57.00	65.00 67.00 57.00 57.00 1: September Jan 20 1986.0	95.60 0 0 or 15 1931 custo ago 1941;4 1974 = 1	0 0 0 0 100) 97 ago. 1768;3
der Azy til tep lev en der ley ter	Close 767/4 777/6 778/8 778/8 728/8 736/0 743/0 8EAN OSL Close 21,00 22,03 22,03 22,75	Previous 755/4 766/0 775/2 767/4 740/0 721/4 728/4 736/0 60,000 lbs; Previous 21.98 22.98	HighTu 788/0 778/4 786/0 778/0 749/0 729/0 736/0 745/0 Cente/ib HighTu 21.00 22.43	759/0 770/0 770/0 770/0 744/0 732/0 732/0 741/0	Mar May Jul REDT	55.20 57.00 57.00 57.00 ERS (Buss Jan 23 1987.2 JONES (B	65.00 67.00 57.00 57.00 1: September Jan 20 1986.0	95.60 0 0 or 15 1931 canth ago 1941;4	- 100) yr ago 1768:3
ter lay ep lov en lar OYA	Close 767/4 777/6 7783/2 777/0 748/6 736/0 748/0 BEAM OSL Close 21,00 22,03 22,58 22,58 22,59	Previous 785/4 786/0 785/4 786/0 787/4 740/0 721/4 728/4 738/0 60,000 ibs; Previous 21.98 22.98 22.98 23.07 23.25	High/Li 759/0 779/4 755/0 779/0 729/0 729/0 736/0 745/0 cents/lb High/Li 21.00 22.43 22.93	769/0 770/0 770/0 776/4 770/0 744/0 732/0 732/0 741/0	Mar May Jul REDT	55.20 57.00 57.00 57.00 57.00 57.00 57.00 57.00 57.00 57.00 57.00 57.00 57.00 57.00 57.00	65.00 67.00 57.00 57.00 1: September Jan 20 1986.0	95.60 0 0 or 15 1931 custo ago 1941;4 1974 = 1	0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0
ler lay lay lay ler OYA ler lay lay lay lay lay lay lay lay lay lay	767/4 777/6 785/2 777/0 748/6 736/0 748/0 748/0 8EAN CS, Close 21,00 22,03 22,53 22,76 23,06	Previous 785/4 786/4 786/4 773/2 757/4 740/0 721/4 729/4 736/0 60,000 fbs; Previous 21.96 22.48 22.96 23.07 23.25 23.35	High/Li 788/0 778/0 778/0 778/0 778/0 778/0 778/0 729/0 738/0 738/0 738/0 22/0 21/0 22/0 23,10 23,23 23,10 23,23	789/07 770/0 770/0 770/0 744/0 723/0 732/0 732/0 741/0 22.50 22.50 22.50 22.75 22.90 23.00	Mar May Jul REDT	55.20 57.00 57.00 57.00 57.00 57.00 57.00 57.00 57.00 57.00 57.00 57.00 57.00 57.00 57.00	65.00 67.00 57.00 57.00 1: September Jan 20 1986.0	95.60 0 0 or 15 1931 custo ago 1941;4 1974 = 1	0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0
lar lay lay op oy an lar oy at lay st	767/4 777/6 7783/2 777/6 778/6 778/6 778/6 778/6 748/6 Glose Glose 21,00 22,03 22,25 22,27 22,16 22,16 22,16 22,16 23,14 23,14	Previous 755/4 756/0 773/2 767/4 740/0 721/4 736/0 60,000 lbs; Previous 21.95 22.48 22.96 23.07 23.25 23.80	789/0 778/0 778/0 778/0 778/0 778/0 729/0 736/0 745/0 22-83 22-93 23-10 23-25 23-32 23-32 23-32	789/0 770/0 770/0 770/0 744/0 723/0 732/0 741/0 21.42 22.00 22.50 22.55 22.90 23.00 23.25	Mar May Jul REDT	55.20 57.00 57.00 57.00 57.00 57.00 57.00 57.00 57.00 57.00 57.00 57.00 57.00 57.00 57.00	65.00 67.00 57.00 57.00 1: September Jan 20 1986.0	95.60 0 0 or 15 1931 custo ago 1941;4 1974 = 1	0 0 0 0 100) 9° ago. 1758:3 00) 131-46 134-05
der lay til ung op ov en ler OYA	Close 767/4 777/6 777/6 7783/2 777/6 748/6 748/6 748/6 748/0 21,00 22,03 22,53 22,76 23,05 23,46	Previous 785/4 766/0 773/2 767/4 740/0 721/4 729/4 736/0 60,000 lbs; Previous 21.98 22.48 22.96 23.07 23.80 23.80 23.86	Highful 789/0 778/0 778/0 778/0 778/0 729/0 738/0 738/0 748/0 729/0 22.43 22.43 22.43 22.43 23.25 23.32 23.40	789/07 770/0 770/0 770/0 744/0 723/0 732/0 732/0 741/0 22.50 22.50 22.50 22.75 22.90 23.00	Mar May Jul REDT	55.20 57.00 57.00 57.00 57.00 57.00 57.00 57.00 57.00 57.00 57.00 57.00 57.00 57.00 57.00	65.00 67.00 57.00 57.00 1: September Jan 20 1986.0	95.60 0 0 or 15 1931 custo ago 1941;4 1974 = 1	0 0 0 0 100) 9° ago. 1758:3 00) 131-46 134-05
der lay til ung op ov en ler OYA	Close 767/4 777/6 777/6 7783/2 777/6 748/6 748/6 748/6 748/0 21,00 22,03 22,53 22,76 23,05 23,46	Previous 785/4 766/0 773/2 767/4 740/0 721/4 729/4 736/0 60,000 lbs; Previous 21.98 22.48 22.96 23.07 23.80 23.80 23.86	Highful 789/0 778/0 778/0 778/0 778/0 729/0 738/0 738/0 748/0 729/0 22.43 22.43 22.43 22.43 23.25 23.32 23.40	789/0 770/0 770/0 770/0 744/0 723/0 732/0 741/0 21.42 22.00 22.50 22.55 22.90 23.00 23.25	Mar May Jul REDT	55.20 57.00 57.00 57.00 57.00 57.00 57.00 57.00 57.00 57.00 57.00 57.00 57.00 57.00 57.00	65.00 67.00 57.00 57.00 1: September Jan 20 1986.0	95.60 0 0 or 15 1931 custo ago 1941;4 1974 = 1	0 0 0 0 100) 9° ago. 1758:3 00) 131-46 134-05
der lay til ung ep kov en ler OYA	Close 767/4 777/6 777/6 7783/2 777/6 748/6 748/6 748/6 748/0 21,00 22,03 22,53 22,76 23,05 23,46	Previous 755/4 766/0 773/2 767/4 740/0 721/4 736/0 60,000 ibs; Previous 21.96 22.48 22.96 23.07 23.25 23.85 33.100 tons;	Highful 759/0 778/0 778/0 778/0 749/0 749/0 749/0 749/0 24/0 22/4 22.93 23,25 23,25 23,25 23,26 24,26 25,26 26,26	759/0 770/0 770/0 770/0 770/0 722/0 722/0 741/0 21.42 22.20 22.50 22.55 22.55 22.50	Mar May Jul REDT	55.20 57.00 57.00 57.00 57.00 57.00 57.00 57.00 57.00 57.00 57.00 57.00 57.00 57.00 57.00	65.00 67.00 57.00 57.00 1: September Jan 20 1986.0	95.60 0 0 or 15 1931 custo ago 1941;4 1974 = 1	0 0 0 0 100) 9° ago. 1758:3 00) 131-46 134-05
dar day til lep lov en dar OYAl	Close 767/4 777/6 777/6 7783/2 777/6 748/6 748/6 748/6 748/0 8EAN CS. Close 22.03 22.53 22.57 23.06 23.45 BEAN ME	Previous 755/4 766/0 773/2 767/4 740/0 721/4 736/0 60,000 ibs; Previous 21.96 22.48 22.96 23.47 23.25 23.86 23.86 23.86	High/L 759/0 778/0 778/0 778/0 778/0 749/0 749/0 749/0 749/0 22.43 22.93 23.12 23.25 23.25 23.46 \$/toq	759/0 770/0 770/0 770/0 770/0 723/0 731/0 731/0 21.42 22.00 22.50 22.55 22.75 22.90 23.50	Mar May Jul REDT	55.20 57.00	55.00 67.00 57.00 57.00 57.00 57.00 57.00 1908.0 1908.0 140.40 143.70	35.60 0 0 15 1931 ennth aga 1941;4 1974 = 1 142.02	0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0
dar lay til dep key en lar OYAI	Close 767/4 777/6 7783/2 777/6 748/8 728/6 738/6 738/6 738/6 738/6 738/6 21.00 22.03 22.23 22.76 23.46  BEAN MEE Close 251.2	Previous 785/4 766/0 773/2 767/4 740/0 721/4 728/4 728/4 728/4 728/2 21.96 22.48 22.96 23.07 23.25 23.80 23.85 31.100 tons; Previous 243.6	High/L 768/0 778/0 778/0 778/0 729/0 729/0 738/0 738/0 22/3 23.10 22/3 23.21 23.25 23.40 Figh/L Figh/L Sylve Sylve Figh/L Sylve Sylve Figh/L Sylve Syl	759/07 770/0 770/0 776/4 776/4 776/0 723/0 732/0 741/0 21.42 22.50 22.50 22.55 22.75 22.90 23.00 23.50	Mar May Jul REDT	55.20 57.00	55.00 67.00 57.00 57.00 57.00 57.00 57.00 1908.0 1908.0 140.40 143.70	35.60 0 0 15 1931 ennth aga 1941;4 1974 = 1 142.02	0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0
der lay til dep lov an ler lay ut lay	Close 757/4 777/6 7783/2 777/6 7783/2 7749/6 7749/6 7749/0 8EAN OS. Close 21.03 22.93 22.93 22.93 22.93 23.45 23.46 Close Close 251.2 246.3	Previous 755/4 765/4 765/4 773/2 757/4 729/4 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7	High/Lo 769/0 778/0 778/0 778/0 778/0 778/0 778/0 748/0 21.00 22.43 23.10 23.25 23.40 High/Lo 251.55 246.5	769/07 770/0 770/0 770/0 744/0 723/0 732/0 732/0 732/0 741/0 22.50 22.50 22.50 22.75 22.90 23.25 23.50	Mar May Jul REDT	55.20 57.00 57.00 57.00 57.00 57.00 57.00 57.00 57.00 57.00 57.00 57.00 57.00 57.00 57.00 57.00 57.00 57.00 57.00 57.00	65.00 67.00 57.00 57.00 57.00 57.00 57.00 1986.0 1986.0 1986.0 1986.1 143.70	# 15 1931 or 15 1931 or 15 1931 1941,4 1974 = 1	0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0
der lay til gep ler ler lay ler	Close 767/4 777/6 7783/2 777/6 748/8 728/6 738/6 738/6 738/6 738/6 738/6 21.00 22.03 22.23 22.76 23.46  BEAN MEE Close 251.2	Previous 755/4 766/0 773/2 767/4 740/0 721/4 736/0 60,000 ibs; Previous 21.96 22.48 22.96 23.47 23.25 23.80 23.65 31.100 tons; Previous 243.6 243.6	High/Lo 759/0 778/0 778/0 778/0 749/	759/0 770/0 770/0 770/0 770/0 723/0 731/0 731/0 21.42 22.00 22.50 22.55 22.75 22.90 23.50 24.50	Mar May Jul REDT	55.20 57.00 57.00 57.00 57.00 57.00 58.00	65.00 67.00 57.00 57.00 57.00 57.00 57.00 1998.0 1998.0 143.70	# 15 1931 or 15 1931 or 15 1941;4 1941;4 142:22 148:02	0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0
der lay til gep ler ler lay ler	Close 767/4 777/6 777/6 7783/2 777/6 748/6 748/6 748/6 748/6 748/6 748/6 21,00 22,03 22,58 22,78 22,20 23,46 23,46 Close Close Close 248,2 248,2 248,2	Previous 755/4 756/0 773/2 757/4 720/0 721/4 720/0 721/4 720/0 60,000 fbs; Previous 21.95 22.48 22.96 23.07 23.80 23.80 23.85 31.100 tons; Previous 243.6 241.1 228.5 234.0	Hight 1769/0 7784/0 7785/0 7785/0 7785/0 7789/0 7789/0 7789/0 22-43 22-53 22-55 23-25 23-55 246.5 246.5 241.5	759/07 770/0 776/4 776/4 776/4 776/0 723/0 732/0 732/0 741/0 22.50 22.50 22.55 22.75 22.50 23.50 245.8 245.8 245.8	Mar May Jul REDT	55.20 57.00 57.00 57.00 57.00 57.00 58.00	65.00 67.00 57.00 57.00 57.00 57.00 57.00 1998.0 1998.0 143.70	# 15 1931 or 15 1931 or 15 1941;4 1941;4 142:22 148:02	0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0
Alary Hay Hay Hay Hay Hay Hay Hay Hay Hay Ha	Close 767/4 777/6 777/6 773/2 777/6 748/6 748/6 748/6 748/6 748/6 748/6 748/6 748/6 728/6	Previous 755/4 766/0 773/2 767/4 740/0 721/4 736/0 60,000 ibs; Previous 21.96 22.48 22.96 23.07 23.25 23.85 31.100 tons; Previous 243.6 241.1 288.5 234.0 228.7	Hight I 759/0 778/0 778/0 778/0 778/0 778/0 778/0 778/0 728/	759/70 770/0 770/0 770/0 770/0 722/0 722/0 741/0 22.50 22.50 22.50 22.50 22.50 22.50 22.50 22.50 23.50 24.50	Mar May Jul REDT	57.00 57.00	# September Jan 20 1996.0 143.70   PRATI	15.60 0 0 0 15.1931 1941;4 1974 - 1 142.22 148.02	0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0
der lay op	Close 757/6 765/2 777/6 7785/2 7749/6 7785/2 7749/6 7749/6 7749/0 8EAN OS. Close 21.00 22.03 22.57 22.90 23.46 23.46 23.46 23.46 261.2	Previous 755/4 766/0 773/2 767/4 740/0 721/4 726/0 60,000 lbs: Previous 21,98 22,96 23,07 23,25 23,85 23,86 31,100 tons; Previous 243,6 241,1 288,5 234,0 228,7 221,0	HighTL 758/0 778/0 778/0 778/0 778/0 778/0 778/0 738/0 738/0 22.03 22.03 23.10 23.20 23.21 23.32 23.40 HighTL HighTL 251.5 246.5 246.5 241.5 225.6	759/0 770/0 770/0 770/0 770/0 732/0 732/0 732/0 731/0 21.42 21.42 22.00 22.50 22.50 22.50 23.50 23.50 245.8 245.8 245.8 245.8 245.8 245.8 245.8 245.8 245.8 245.8 245.8 245.8 245.8 245.8 245.8	Mar May Jul REDT	57.00 57.00	# September Jan 20 1996.0 143.70   PRATI	15.60 0 0 0 15.1931 1941;4 1974 - 1 142.22 148.02	0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0
der lay op	Close 767/4 777/6 777/6 773/2 777/6 748/6 748/6 748/6 748/6 748/6 748/6 748/6 748/6 728/6	Previous 755/4 766/0 773/2 767/4 740/0 721/4 736/0 60,000 ibs; Previous 21.96 22.48 22.96 23.07 23.25 23.85 31.100 tons; Previous 243.6 241.1 288.5 234.0 228.7	High/L 789/0 7784/0 7785/0 7785/0 7786/0 7789/0 7789/0 7789/0 21.00 22.43 22.53 22.55 23.50 \$/toq High/L 251.5 245.5 245.5 245.5 225.0 226.5	759/07 770/0 776/4 770/0 744/0 722/0 732/0 732/0 741/0 21.42 22.50 22.50 22.55 22.75 22.50 23.50 24.55 24.55 24.50 24.55 24.50	Mar May Jul REDT	57.00 57.00 57.00 57.00 57.00 57.00 58.00	September Jan 20 1996.0	** 15 1931 ** 15 1931 ** 15 1931 ** 1941;4 ** 1974 = 1 142,22 ** 148,02 ** ONAL TIAL TY	0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0
der Hary will geber der GYAI geber d	Close 767/46 777/6 777/6 777/6 7783/2 777/6 748/6 748/6 748/6 748/6 748/6 728/6 736/0 748/6 728/	Previous 755/4 766/0 773/2 767/4 740/0 721/4 736/0 60,000 ibs; Previous 21.96 22.48 22.96 23.85 23.85 23.85 23.85 23.85 23.85 241.1 262.5 254.0 226.7 221.0 217.5 219.0	High/L 759/0 778/0 778/0 778/0 778/0 749/0	759/0 770/0 770/0 770/0 770/0 723/0 731/0 731/0 21.42 22.00 22.50 22.50 22.50 22.50 23.50 24.50 24.55 24.55 24.50	Mar May Jul REDT	57.00 57.00 57.00 57.00 57.00 57.00 57.00 58.00	September September Jan 20 1996.0 145.70 PER COPER	** 15 1931 ** 15 1931 minth ago 1941;4 1974 - 1 142,22 148,02	0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0
der Hary will geber der GYAI geber d	Close 767/46 777/6 777/6 777/6 7783/2 777/6 748/6 748/6 748/6 748/6 748/6 728/6 736/0 748/6 728/	Previous 755/4 766/0 773/2 767/4 740/0 721/4 736/0 60,000 ibs; Previous 21.96 22.48 22.96 23.85 23.85 23.85 23.85 23.85 23.85 241.1 262.5 254.0 226.7 221.0 217.5 219.0	High/L 759/0 778/0 778/0 778/0 778/0 749/0	759/0 770/0 770/0 770/0 770/0 723/0 731/0 731/0 21.42 22.00 22.50 22.50 22.50 22.50 23.50 24.50 24.55 24.55 24.50	Mar May Jul REDT	57.00 57.00	SS.00 67.00 S7.00 S7.00 S7.00 SS.00 SS.00 Jan 20 Jan 20 Ja	** 15 1921 ** 15 1921 ** 15 1921 ** 15 1921 ** 15 1921 ** 15 1921 ** 1941;4 ** 1974 = 1 142.22 148.02	0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0
far lay op or lar OYAl lay op or lar oy Al lay or lay	Close 767/46 777/6 777/6 777/6 7783/2 777/6 748/6 748/6 748/6 748/6 748/6 728/6 736/0 748/6 728/	Previous 785/4 785/4 785/4 785/4 773/2 787/4 720/0 721/4 722/4 723/4 723/4 723/2 22.48 22.96 23.67 23.80 23.65 81.100 tons; Previous 243.6 241.1 228.5 234.0 228.7 221.0 217.5 219.0	Highful 768/0 778/0 7785/0 7785/0 7785/0 7785/0 7785/0 7785/0 22-83 22-93 23-25 23-35 245-5 245-5 245-5 225-0 222-0 65b bushe	759/07 770/0 776/4 770/0 744/0 722/0 732/0 732/0 741/0 22.50 22.50 22.55 22.75 22.50 23.50 24.55	Mar May Jul REDT	57.00 57.00	SS.00 67.00 S7.00 S7.00 S7.00 SS.00 SS.00 Jan 20 Jan 20 Ja	** 15 1921 ** 15 1921 ** 15 1921 ** 15 1921 ** 15 1921 ** 15 1921 ** 1941;4 ** 1974 = 1 142.22 148.02	0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0
far lad open and the large of t	Close 7571/6 7751/6 7771/6 7771/6 7783/2 7749/6 7749/6 7749/6 7749/6 7749/0 8EAN OS. Close 21.03 22.93 22.93 22.93 22.93 22.93 23.46 23.46 23.46 261.2 261.2 261.2 261.2 261.2 261.2 261.2 261.0 261.2 261.2 261.0 261.2 261.0 261.2 261.0 261.2 261.0 261.2 261.0 261.2 261.0 261.2 261.0 261.2 261.0 261.2 261.0 261.2 261.0 261.2 261.0 261.2 261.0	Previous 755/4 755/4 755/4 755/4 756/0 773/2 757/4 720/0 721/4 720/0 60,000 fbs; Previous 21.95 22.48 22.95 23.67 23.80 23.85 33.80 23.85 33.80 243.8 241.1 228.5 234.0 228.7 221.0 217.5 219.0 Previous	High/L 768/0 778/0 778/0 778/0 778/0 778/0 778/0 778/0 21.00 22.43 22.93 23.10 23.25 23.32 23.55 23.46 \$floot High/L 251.5 245.5 245.5 245.5 225.0 222.0 6tb bushe High/L	759/07 770/0 776/4 770/0 744/0 722/0 732/0 732/0 741/0 22.50 22.50 22.55 22.75 22.50 23.50 24.55	Mar May Jul REDT	57.00 57.00 57.00 57.00 57.00 57.00 58.00	SS.00 67.00 ST.00	* 15 1931  * 15 1931  * 15 1931  * 1841;4  1941;4  148.02  ONAL  TIAL  TY  Tig  The	0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0
far young op and	Close 7571/6 7771/6 7771/6 7771/6 7783/2 7771/6 748/6 748/6 748/6 748/6 748/6 748/6 748/6 728/6 748/6 728/6	Previous 755/4 766/0 773/2 767/4 740/0 721/4 736/0 60,000 ibs; Previous 21.96 22.48 22.96 23.45 23.85 240.2 250.2 270.2	High/L 759/0 778/0 778/0 778/0 749/0	759/07 770/0 776/4 770/0 744/0 722/0 732/0 732/0 741/0 22.50 22.50 22.55 22.75 22.50 23.50 24.55	Mar May Jul REDT	57.00 57.00 57.00 57.00 57.00 57.00 58.00	SS.00 67.00 ST.00	* 15 1931  * 15 1931  * 15 1931  * 1841;4  1941;4  148.02  ONAL  TIAL  TY  Tig  The	0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0
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### LONDON STOCK EXCHANGE

# Equities close strongly in good trade

A WARNING from the Confederation of British Indus-try that business optimism is at a two year low served only to strengthen hopes in the UK stock market yesterday that domestic interest rates may have peaked. With interest rate hopes encouraged also by con-firmation from the UK building societies that home lending fel sharply last month, the FT-SE moved to a new post-Crash peak. The market closed strongly at the day's best levels, hoosted finally by a powerful opening on Wall Street. Turnover remained heavy, but although the UK investment institutions came in again to buy stock across the

Account Dealing Dates - Tiret Dunlinger Jan 16 Jan 30 Feb 13 Feb 23 Jan 25 Feb 10 -Feb 24 rent Des: Feb 8 Feb 27 Mer 8 Tier line dealings may take place from board, the Sean volume total of

562.8m shares, against Monday's 600m, took in a substantial proportion of inter-dealer business. There was increased activity in many of the curren-cy-orientated stocks, including ICI (3.6m shares), Beecham (2.9m) and Reuters (2.1m), and these international names led the market in late dealings. Shares opened lower, behind Wall Street's overnight fall but were once again kickstarted by a buy programme from a leading UK securities house. Helped along by the CBI survey and the building societies' figures, equities moved ahead to show a gain of more than 18 FT-SE points at midsession. Confirmation that sales of unit trusts have fallen had been widely anticipated and had little effect on equi-

After treading water for a while, the equity market resumed its noward course, with favourable reports from the US Senate appearance by Mr Alan Greenspan, the chairman of the Federal Reserve Board, providing the final impetus

The FT-SE Index closed at 1941.1, a gain on the day of 16.4 points. The Footsie Index has risen by almost 50 points over the past four trading sessions and is now challenging 1950, recarded as its next significant

Despite the strength of the New York market, there was little interest in oil shares in London yesterday. Crude prices shaded lower, and speculative situations played a subdued role. Some traders expressed ner-

vousness over the changes in

begin taking effect next Mon-day Marketmakers will no lon-ger be obliged to deal with each other at prices quoted publicly on the Seaq screens nor, when the new rules take full effect, will deals above £100,000 in value need to be reported until the following

will hide away all deals above 10,000 shares in, for example, ICI and Glaxo and similarly priced blue chips. Some trad-ers, fearing more difficult trading conditions ahead, appeared to be bringing forward any impending deals in the market

equity market rules, due to 88.35 88.37 96.91 Gold Mines Ord. Di. Yleid Earning Yed %(fult) P/E Ratio(Net)(4) SEAQ Bargains(5pm Equity Turnover(Em 11,66 11.75 10.28 34,484 1312.74 36,425 543.5 Opening 010 am. 011 am. 012 cm. 01 nm. 1568.1 15729 1577.5 1578.0 1576.3 DAY'S HIGH 1580.7 DAY'S LOW 1567.4 Basis 100 Govt. Secs 15/10/25, Fixed Int. 1925, Ordinary 1/7/35, Gold Mines 12/9/55, SE Astivity 1974, SNII 10.337Excluding in

Nigh Low High 127.4 (9/1/35) 1580.7 1349.0 1978.2 49.4 (24/1/89) (5/2/88) (16/7/87) (28/6/40) 312.5 100.7 734.7 43.5 (771/88) (3/1/89) (15/2/63) (20/10/71) . S.E. ACTIVITY Jan. 23 Jan. 20 Gift Edged Bargains Equity Bargains Equity Value 5 - Day average Gift Edged Bargains 118.6 106.4 2053 4 110 2 218.35 2767 0 London Report and letest Share Index: Tel. 8888 123001

# Japanese favour Steel

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Heavy overnight trading in British Steel again indicated interest from Japanese investors, who appear to have taken uyp the running this week from the US funds which were active last Thursday and Friday. A series of eight deals, all for 1m or more shares in the newly-privatised steel group, were recorded very early in the session, at prices hovering around the 70p mark. By the end of the day, 41m shares had traded, maintaining the visible image of the stock which has provided around one tenth of total equity turnover in several recent sessions.

The steel group is attractive on fundamental investment grounds because of its high yield. It is also regarded as likely to benefit from the cur-rency factor if the German mark moves higher against

### Composite sunshine Sun Alliance, the insurance group, were far and away the

best performer in a generally buoyant composite sector with the shares racing np 24 to 1058p on turnover of almost 1m. Dealers said the stock was caught in the grip of a bear squeeze which grew tighter and tighter as the session wore on." The stock was additionally boosted by a recommenda-tion issued by David Hudson, composites analyst at BZW, the securities house. Mr Hudson, writing in BZW's Insurance Weekly, points out "the mild weather in the IJK continues and here is one bear of the sector worried he may have to raise his 1989 forecasts." Mr Hudson recommends clients to "switch out of Commercial Union. Gnardian Royal Exchange and Royal Insurance and into Sun Alliance." But Peter Constable, insurance analyst at Flemings

Research tells Flemings clients to "sell before the pack does", referring to the composites sector in general and in particular Guardian Royal and Sun Alli-Wolseley strong

Persistent support of Wolse-ley led inevitably to specula-tion of an impending develop-ment and the shares built up quite a head of steam yesterday to close 19 up to 2/5p. A bid approach was just one of several wild market rumours but traders were accomful of

They preferred the theory that the shares had been left

### FT-A All-Share Index



out of the recent rush to buy companies with a high dollar content. Some 45 per cent of Wolseley's profits are earned in the US. A more feasible explanation for yesterday's buying was a presentation to Sun Alli-ance, which may have been the first of a series of planned meetings with the UK institu-

BZW researcher, Mr Mark Gibbon, rates Wolseley a good long-term buy, saying. The group has one of the better management teams around and is the quality play of the sub-sector." He estimates the building materials concern could earn profits of £120m this year compared with £97.6m last time. The interim trading statement is due in March. Yet another slide by crude oil prices - Brent oil for deliv-

ery in March was down some 55 cents a barrel towards the close - had a restraining effect on the oil and gas sector. British Gas continued to shrug off stories of a possible move against Texas Eastern with Gas shares edging up a further 1½ to 171½p on another big turnover of 9.6m; this included a single deal of 2m at 170p. These (Gas shares) have moved through the previous resistance level of 170p, there is keen support,"

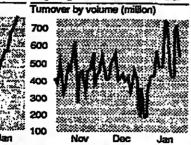
sand one neater.

BP were again active but both classes of the stock tended to drift easier with traders reporting big action in the traded options market where the January stock options expire today. There was said to be a major two-way pull in the market between two of the leading UK securities houses.

Shell were said to have attracted a fresh wave of US buying interest which sus-tained them around the 368p

said one dealer.

## **Equity Shares Traded**



mark: turnover was in excess

Century Oils hardened to 199p with the market still puzzling over the destination of the near 3 per cent holding sold by Kelt Energy, which recently won control of Carless Capel, at the end of last week. Brewers were a good market on the expectation that the

MMC report following its investigation into the tied house system will not come down too hard on the industry giants. A recent circular from the breweries team at Robert Fleming Securities said: "We do not think that the Commis-sion will put forward measures that are too dracnonian for brewers to cope with."

Bass led the sector higher

with a 15-point rise to 881p on renewed hid hopes and a bull-ish statement from the agm the expected benefits from the new UK licensing hours have finally begun to show through in trading figures, said the company. Guinness gained 10 to 368p on turnover just short of 2m shares, while Scottish Newcastle added 5 at 405p and Allied Lyons also 5, at 473p. Building stocks staged a

sharp advance as the session sharp advance as the session drew to a close with traders still complaining of stock shortages across a broad front. Sentiment was additionally boosted by a positive seminar on the building materials stocks given by Kleinwort Ben-son, the securities house. In this group Tarmac were espethis group Tarmac were especially wanted, closing 10% up at 271½p on turnover of 2.4m, while RMC were a similar amount higher at 562p and Marshalls Halifax 6 to 237p. The contractors were high lighted by Higgs & Hill, up 13 at 335p and John Mowlem 20 firmer at 394p. Talk of further

### **NEW HIGHS AND LOWS FOR 1988/89**

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NEW LOWS (17).
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MOTTORE (1) Spoo, TEXTELES (1) Meckey
High, TRUSTS (1) GPG, OHS (5) Carreno
(UK), Feirhaven Inst., MENCS (3) Durban
Deep, Elsburg, Espirost, THIRD MARKET
(1) Comec.

### stake-building in Taylor Wood-row by P & O, which has a near 10 per cent stake, was shrugged aside by dealers; Tay-lor shares closed 21 firmer at

648p. George Wimpey, one of the market's worst performers on Monday, remained an extremely active market with turnover reaching 4.4m; speculators were said to have niled back into the stock which settled 10 up at 291p. The Stores sector had one of

its best days since the Crash, as hopes that interest rates have reached their peak boosted sentiment. "The sector has been oversold for too long," asserted one dealer. The day was marked by the total lack of sellers, he said. One of the features of the

day was a switching recommendation from brokers Hoare Govett, who have recom-mended clients to sell Marks & Spencer and buy Boots. "Marks are looking quite expensive relative to the sector at the moment," said Mr Andrew Hughes of Hoare Govett. Mr Hughes noted that Marks & Spencer's earnings growth was lagging behind the market's average, whereas Boots' earnings growth was well in excess of the market.

Consequently Boots gained 6%p to 245%p as no less than 7.7m shares changed hands, while Marks added just 2 at 165p on turnover of 3m shares Boots was one of five stocks singled out as worth holding by Morgan Stanley analyst Mr Nick Bubb: "The shares are technically well based and seem likely to carry on outper-

Among the other good per-Among the other good performers were Woolworth, up 10 at 257p, W H Smith "A", up 10 at 258p, Burton 9½ better at 198p and Dixons, up 7 at 146p. Renewed hid talk in Sears failed to catch hold, and the shares closed 3 better at 121 %p on turnover of 5.4m shares. Ward White, recently visited by several broking houses,

A flurry of late buying interest from the US gave a boost to Racal Telecom which settled 5 firmer at 234p on turnover of 2.3m. Racal Electronics edged up in sympathy to close 3 harder at 326p with turnover coming out at 5.1m shares; the company was said to have held a seminar in London yester-

A more subdued engineering sector presented one outstand-ing feature in Thomas Robinson, up 15 at 436p on a buy recommendation from Robert Fleming Securities. Research ers Mr Rupert Lewin and Mr Jonathon Shantry select Thomas Robinson as an com-pany with "attractive earnings and dividend growth prospects on a prospective price/earnings ratio of 7.2." Ladbroke advanced 10% to 480%p on the day when the

### company extended its offer for Thompson T-Line until February 15. Dealers said that Ladbroke - through its SIS sub-sidiary - should be well placed to pick up a sizeable share of the racing information business left behind when Extel closes down its racing service later this year. More-over, Mr Roy Owens, analyst at Kitcat Aitken, helieves that Ladbroke shares are fundamentally cheap against the sector. "The stock was left far behind during the market's recent rise, and we expect excellent 1988 results towards the end of March."

United Newspapers, the owners of Extel, closed 3 firmer at

398p.

Hestair appeared to over-react, falling 20 to 260p after
Kleinwort Benson analyst Mr
Matthew Sutherland shaved his full-year profits forecast to £21.3m from £23m previously. But late in the session Hoare Govett also downgraded - the second time in two weeks - to a marginally lower £21m. Hestair is due to report in April. Waterford Glass also moved against the trend following the

strength."

the rationalisation programme

resignations of two directors, including the chairman, and the warning that profits will be "significantly affected" by "accounting errors". The shares closed 8 lower at 65p. Other losers were British Island Airways, down 9 at 120p as speculative interest faded, and Expamet International which retreated 11 to 177p after ennouncing a £13.5m rights issue together with a £49m US acquisition. Blue Arrow dipped 2% to 85%p, reflecting Citicorp Scrimgeour Vickers' advice of the shares being "fundamen-

tally overvalued, sell on

स्त्रीत्रहेत्रक्ष्यक्ष्यात्रक्षयात्रक्षयात्रीत्रक्षयात्रक्षयात्रक्षयात्रक्षयात्रक्षयात्रक्षयात्रक्षयात्रक्षयात् स्तर्भविक्षयात्रक्षयात्रक्षयात्रक्षयात्रक्षयात्रक्षयात्रक्षयात्रक्षयात्रक्षयात्रक्षयात्रक्षयात्रक्षयात्रक्षया 15 up at 499p On the plus side, T&N rushed II higher to 190p and Rosehaugh was the star performer of the property sector as the sbares climbed 23 to Aukett Associates rose 10 to 555p on talk of an imminent "buy" recommendation from a leading broking house. Other 103p after favourable recommendations from County Nat-West WoodMac. The securities honse says of the former; "demand is still strong, and stocks to make good ground were MEPC, up 10 at 555p, Greycoat 8 firmer at 437p and

FINANCIAL TIMES STOCK INDICES

162.6

TRADING VOLUME IN MAJOR STOCKS

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Land Securities 6 to the good at 585p. However, turnover in continues apace. The asbestos situation is contained, although a small provision for legal costs is possible". the major stocks was described as "very light." British & Commonwealth led financial trusts forward when speculation resurfaced of increased annual profits lifted RCO 9 to 137p and press mention took British Vita up 5 further to 237p. Elsewhere, Dresdner Bank showing inter-Just Rubber jumped 9 to 85p and NMW Computers 8 more est. Several ahove-average deals were reported as the to 67p, while London Internashares rose 6 to 236p in heavier tional revived 6% to 214%p. Sudden late demand for turnover of 4.5m. Burns-Anderson responded to newspaper English China Clays found the

comment with a rise of 6 to Toy manufacturers Cassidy

Service of the servic Bros made a satisfactory debut as the shares, introduced at 45p. advanced to 58p before dropping back to end at 53p. BP took an outstanding share of traded options dealings, with 5,261 contracts handled, challenging the 5,326 in the FT-SE 100 Index. There was again heavy closing of January 250 call positions, reaching about a quarter of the 1,793 contracts handled in the series,

41.0

Overall dealings came to 48,747 contracts. Other market statistics, including FT-Actuaries Share Index and London

and more closing in the April 260, alongside substantial open-

ing in the April 240 puts, deal-

ings in which totalled 1,385 contracts. Total calls in the stock were 3,833 and puts 1,428.

# **APPOINTMENTS**

### Senior posts at Girobank

GIROBANK has appointed Mr

and the second second second

Sean Clarke to the new position of general manager, clearing operations. He previously held the post of head of clearing and data capture and is the bank's representative on the Cheque and Credit Clearing Company and BACS boards. Mr Alistair Macleod has been appointed general manager, Scotland and Northern Ireland. He

previously held the post of vice president/branch manag (Edinburgh) with the Bank Mr Ian Drew has been made regional manager, corporate services, London. He was vice president, international markets group, with the Rank

of America. Mr John Wood has become head of information technology planning. He joins from Goldman Sachs International Corporation where he was computer services manager.

CL-ALEXANDERS LAING AND CRUICKSHANK has appointed Mr Russell Leiman as chief executive of the group's institutional equities

He joins from Citicorp Scrimgeour Vickers International in London (formerly Vickers da Costa) where since June 1988 he has . . .



CORPORATION has appointed Dr Peter Greenhalgh (above) lts managing director and chief executive from February 1. He will establish a London head office and spearhead the expansion of the company in the UK and internationally. Mr Greenhalgh, a non-executive director of AAF, was an adviser to the parent company, FSI Corporation.

Between 1985 and 1988 he was president of Vickers da Costa Securities Inc. in the US. Mr Leiman's respons dibilities will be for research, sales, market making and operations in the institutional equity division. He said he was joining the group, which is owned by Credit Lyonnais of France, because "It is building up a lot of momentum" under its new chairman, Mr Ian Hay

been chief executive officer. .

■ Mr J.L. Rennocks has been appointed executive director (finance) of the power generation division of the CENTRAL ELECTRICITY GENERATING BOARD, He of Smith & Nephew towards the end of March. Mr C.K. Lomax has taken over Mr Rennocks' post as company secretary in addition to his present responsibilities as group financial controller.

has appointed Mr Peter Green as head of treasury at its London branch. He was head of the customer section in Copenhagen. He succeeds Mr Ivan Rasmussen, an executive director, who is moving to Privatbanken Singapore as senior vice president. Mr Rasmussen is replacing Mr Henrik Bjorn who has been appointed executive vice president and general manager of the bank in New York.

PRIVATBANKEN, Denmark,

ARK SECURITIES. European stockbroking specialist owned by Banque Nationale de Paris, has annointed Mr Martyn Page to the board. He was investment director at Oppenheimer Fund Management.

DE MONTFORT INSURANCE CO., Leicester, has appointed Mr David Bazely, Mr Harry Kelly and Mr Martyn Ward to the board. Mr Lindsay Berry has resigned from the hoard to concentrate on group activities.

Mr Sandy Anderson to its main board as an executive director. He is managing director of all the group's subsidiaries in the UK and Ireland, a post he retains.

■ TIP EUROPE has appointed

Mr Ron Tregoning has been appointed vice president of project management based in London for SEAGRAM INTERNATIONAL

■ GROSVENOR INTERNATIONAL HOLDINGS, Vancouver, a subsidiary of The Grosvenor Estate, has promoted Mr Daryl J.A. Delmotte, chief operating officer, to group chief executive and president. Mr David A. Fitzgerald has been promoted to group executive vice president, from chief financial officer. Mr David A. Taylor has been promoted to group chief financial officer. from vice president of finance. Mr Neville E. Gibson has retired as chief executive

**■ EMI MUSIC WORLDWIDE** has appointed Mr John F. Gillespie as vice president human resources. He will be based in New York, and succeeds Mr Allen Harford who retires at the end of January. Mr Gillespie joins from Cadbury Schweppes Beverage where he was senior vice president, human resources.

■ Mr John M. Emery has been appointed director of legal services for BOVIS HOMES, a P and O Group company.

# market very sensitive and the shares bounded ahead to end CHOOSE FOR 1989?

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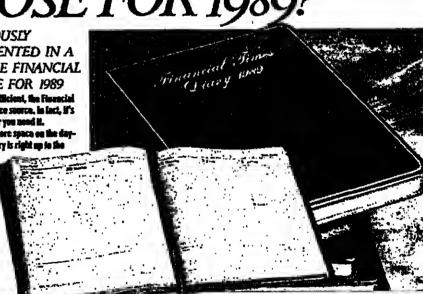
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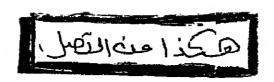
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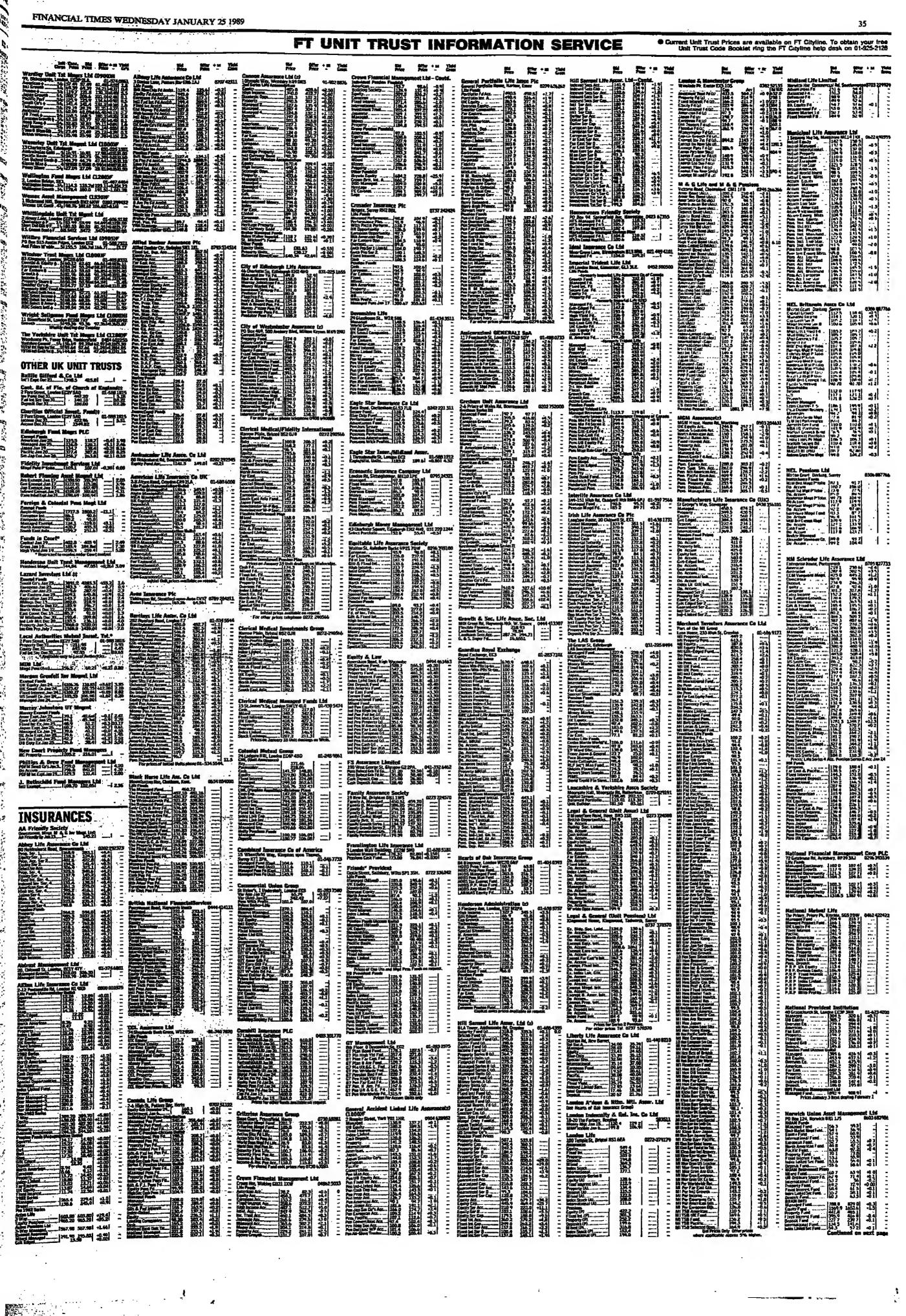
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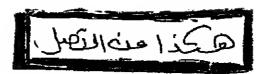
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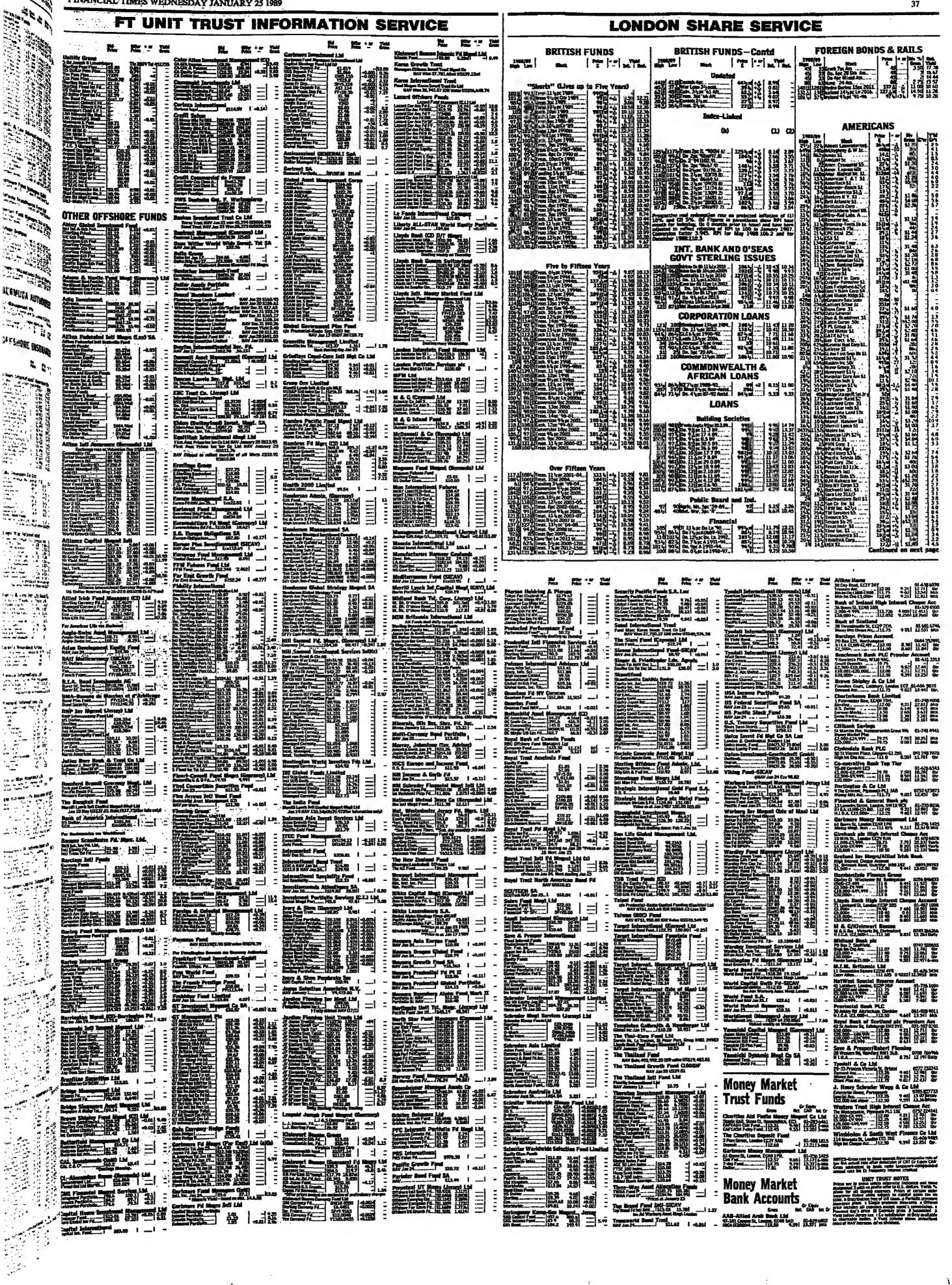
### Unit Trust Prices are available on FT Cityline. To obtain your free t Trust Code Booklet ring the FT Cityline halp deak on Q1-925-2124 TRUST INFORMATION SERVICE . . . 1213 100.4 105.2 105.2 105.4 105.4 105.4 105.4 105.4 105.4 105.5 106.3 111.6 古 会 さたさ +0.1 +0.3 +0.7 +0.4 #23 #35 #37 #37 01-629 +0.4 -0.11 +0.2 255554 15 18411 2544514440 2544514440 2544514440 2544514440 173 1910 173 1910 173 1910 173 1910 173 1910 173 1910 173 1910 Phaserol Fand. 173 1075 Phaserol Fand. 174 1075 First Int Fand. 184.0 1575 First Int Fand. 184.0 154.1 162.1 Financiary Fund. 185.1 162.1 Financiary Fund. 185.1 162.1 Financiary Fund. 185.1 162.1 Financiary Fund. 185.1 162.1 Financiary Fund. 185.2 162.1 Financiary Fund. 185.2 164.1 es Ltd 154.7 154.7 167.0 170.8 154.9 154.0 -0.1 Rayal Liver As 93.00 91.90 154.0 227.7 103.9 199.7 145.5 -0.20 -0.40 +0.2 +3.1 -1.2 +0.1 991.0 991.0 400.8 384.9 266.1 346.8 1171 912 123.0 121.0 +0.3 +0.1 +0.2 274834 274834 27483 27483 27484 27583 2758 Pencions Line Pencions Line Pencions Line Line Wil X 11.6 - 790.4 - 790.4 - 790.5 - 790.5 - 790.5 - 790.7 - 790.7 - 790.7 - 790.7 - 790.7 - 790.7 - 790.7 - 790.7 - 790.7 - 790.7 - 790.7 - 790.8 - 790. rance Co Ltd 126.18 126.18 126.18 126.19 12 क्रेड्डी है। टेडडी ट्टेडडी ड्रेड estead list, Opustar UK Life Asserance Co Ltd 過過過 134.0 172.0 209.0 468.0 151.0 98.0 149.0 130.0 138.0 221.0 312.0 Scottish Equitable Life Asset. 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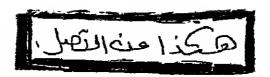
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29   20 k US West   32 k   -1   5.9   97   20 k US West   32 k   -1   1   144 k   1   1   1   1   1   1   1   1   1	ELECTRICALS  ENGINEERING — Conto  Steat	131 Black (7) Highs
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### Application   10   10   10   10   10   10   10   1	1922/287   Stack   Price   **   Div   Yiel   1922/287   Stack   Price   **   Bid   C   Yiel   Price   Stack   1922/287   Stack   Price   **   Bid   C   Yiel   Price   Stack   Price   Stack   Price   **   Stack   Price
MOTORS, AIRCRAFT TRADES    125	131   665 Ca. & Rep. Prop.   1   1   1   1   1   1   1   1   1
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Company   Comp	1

### CURRENCIES, MONEY AND CAPITAL MARKETS

### **FOREIGN EXCHANGES**

### Dollar firmer but nervous

THE DOLLAR recovered from a weak start in currency trading yesterday following comments by Mr Alan Greenspan. chairman of the US Federal Reserve Board. However, investors were cautious hecause of the threat of renewed central bank intervention, and the US unit slipped a little during the afternoon. However, there was no obvious move by central banks and the dollar improved once more to finish near to the day's high and up from Monday's closing

A further consideration was, of course, high US interest rates and concern that the Fed may push rates even higher. and the hig players were understandably less anxious to

go short on dollars.

Speaking to the US House of Representatives Banking Committee. Mr Greenspan stressed the need to maintain a firm trend in US interest rates in order to control inflation.

The dollar had opened

around one pfennig lower against the D-Mark. During the morning many traders were unwilling to open fresh posi-tions because of recent central bank intervention. With the determination of the banks to try and contain the dollar's recent rise all too apparent, institutional investors were initially tempted to test the dollar's downward potential.
The softer tone during the

### **£ IN NEW YORK**

Jag 24	Latest	Previous Close
£ Spot	1.7800 - 1.7810 0.62 - 0.60pm 1.55 - 1.51pm 4.28 - 4.18pm	1.7756-1.7765 0.62-0.60pm 1.55-1.52pm 4.25-4.15pm
Forward premiu	ms and discounts ap	ply to the US dollar

		Jan 24	Previous
8.30 9.00 10.00	am	97.8 97.7 97.7	98.0 97.9 97.9
Noon 1.00	204	97.8 97.8 97.7	98.0 98.0
2.00 3.00 4.00	Dell sentence	97.7 97.7	98.0
4.00	Deg Management	97.8	48.0

### CURRENCY RATES

2		
Sterlien	1 156631 17.1117 50.9318 9.43371 K/A 2.74694 8.28564 1784.16 168.520 8.33002 151.378 8.27971 2.06218	0.641682 1.14123 1.36350 14.6603 43.6373 43.6373 43.6373 43.6373 2.363310 7.09568 1526.85 144.879 7.57321 127.884 7.11672 1.76491 173.285 0.778732

FAII SOR rates are for Jan 23

CURRENCY MOVEMENTS					
Jan 24	Bank of England lotes	Morgan <sup>an</sup> Granzaty Changes %			
Sterflog  Canadian Dollar  Canadian Dollar  Austrian Schilling  Belgian Franc  Danish Krong  Densche Mark  Swoo Franc  Gefflor  Franc Franc  Ver Sterflor  V	97.80 66.6 102.1 106.5 105.8 103.3 112.5 108.8 109.9 97.6 150.9	-141 -119 -496 -63 -192 +181 -127 -159 -202 +830			
Morgan Guaranty 1982 - 100, Bank of 1985 - 1007 Rates are	changes: a England Index (orJan.23).	nerage 1980- (Base Average			

Othe	n count	110123
Jan 24	£	5
Argentina	29.6435 - 29.8025 2.0145 - 2.0170	16 7100 - 16.910 L 1355 - 1 1365
Bearly	1.7500 · 1.7800 7.5095 · 7.5325	0 9900 - 1 0000 4 2370 - 4 2390
Greece	267 65 - 272 15	150 15 - 152 90
Hong Kong Iraq	13 8375 - 13 8505 123 50*	7 8000 - 7.8020 69 25
Kercu(Sth) Kuwait	1205 15 - 1214 85 0 50670 - 0 50720	678 30 - 683 90 0 28550 - 0 2856
Malaysia	67 90 - 68 00 4 7950 - 4 9070	38 35 - 38 45 2.7040 - 2.7070
N Zealand	4076.70 - 4098 55 2.8915 - 2.8965	2297 00 - 2303 0 1 6300 - 1,6325
Sandi Ar	5.6560 - 6.6620 3.4315 - 3.4375	3 7500 - 3 7510 1.9350 - 1.9370
S Al (Fo)	4 2095 - 4 2210 6 7620 - 6 8930	2 3700 - 2 3730 3 8095 - 3 8635
Tahran	49 00 - 49 25 6 5185 - 6 5245	27 60 - 27 70 3 6725 - 3.6735

### **MONEY MARKETS**

to liquidity and bank balances above target of £10m. In New York the Federal

Reserve added \$2hn to the banking system via customer repurchase agreements, when Federal funds were trading at

9h p.c. In Frankfurt credit condi-

tions improved, as the D-Mark

rose against the dollar. Call money was quoted as low as 4.75 p.c., compared with 5.05 p.c. on Monday.

This led to suggestions that the Bundesbank will drain

liquidity at this week's 28-day securities repurchase agree-

ment tender. The securities

pact has been offered at no

minimum bid rate, as an ear-iler agreement of DM16.5hn

In Paris the Bank of France left its money market interven-tion rate at 8.25 p.c. at a securi-

National Bank raised the interest rate on four-month paper, issued by the securities regula-

tion fund, by 0.15 p.c. to 7.70

p.c.
The Bank of England initially forecast a money market credit shortage of around £850m, but revised this to £650m before lunch. Total assistance of £598m was pro-

An early round of help was offered, and at that time the authorities bought £477m hills, including £89m outright, by way of £2m local authority bills in band 1 at 12% p.c.;

# UK clearing bank base lending rats 13 per cent from November 25

£55m bank bills in band 1 at 12% p.c.; £11m bank bills in band 2 at 12½ p.c.; £10m bank bills in band 3 at 12¼ p.c.; and £11m bank bills in band 4 at 12% p.c. Another 2388m bills were purchased, for resale to the market on January 31, at a rate of 12% p.c.

rate of 12% p.c.
In further operations during the morning the Bank of England purchased £73m bank was unchanged at 9.0 p.c.
In Brussels the Belgian bills in band 3 at 12½ p.c. In the afternoon a further £8m bank bills were bought outright, in band 2 at 12% p.c. Late assis-tance of around £40m was also

ties would be happy to see the dollar retreat below the DM1.80 central banks bave the advantage of selling into a market where the dollar is viewed as technically overbought. Investors for their part have previously shown a willing to hny on the dips, the emphasis in early trading yesterday switched to selling.

The dollar closed at Y127.55 from Y127.80 and finished elsewhere at SFr1.5610 from

morning came after comments by Mr Leonhard Gleske, a board member of the West Ger-

man Bundeshank. Speaking late on Monday, be stressed that the West German authori-

where at SFri.5610 from SFr1.5575 and FFr6.2700 against FFr6.2575. On Bank of England figures, the dollar's exchange rate index fell to 66.6 from 66.8. However, early trading in New York saw the dollar drift back from its European

close to DM1.8395.
Sterling was initially dragged down against the D-Mark on the dollar's initial weakness. It recovered as the dollar finished above the day's

lows to finish near its hest level of the day. The softer tone was seen as being slightly overdone. Recent conjecture about lower UK base rates is regarded as being premature, and high rates mean a higher

The pound managed to hold at support around DM3.2450, and finished to close at DM3.2600, unchanged from Monday. Chart analysis sug-gests that the pound could test DM3.4000 in the medium term.
For the time being, however,
any recovery is likely to be
limited until the release of UK trade figures for December due on Friday.

The pound finished at \$1.7695 from \$1.7735 and Y225.75 down from Y226.75. Elsewhere it closed at Fr11.0950 compared with FFr11.0975. It was unchanged against the Swiss franc at SFr2.7625. On Bank of England figures, sterling's exchange rate index finished unchanged from the opening at 97.8 although this was down from the close on Monday of

ems e	UROPE	AN CUR	RENCY I	JNIT RAT	ES
	Ecu central rates	Currency amounts against Ecu Jan.24	% change from central rate	% change adjusted for divergence	Dhergesce Ibnit %
eigian Franc unish Krone erwan D-Mark rench Franc useb Golder ish Pent	42.4582 7.85212 2.05853 6.90403 2.31943 0.768411 1483.58	43.5378 8.08562 2.08446 7.09560 2.35310 0.778732 1526.85	+270 +297 +126 +277 +146 +134 +292	+0.83 +0.83 +0.83 +0.83 +0.54 +1.72	±15344 ±15404 ±10961 ±13674 ±15012 ±16664 ±4.0752

to the state of th	
Disarges are for Ecs, therefore positive change denotes a weak	OTTES:

Jan.24	Day's	Clear	One mosts	22	Three	7.
S	17680 - 17830 2.956- 2.1170 356- 583 0 12594 - 1154 12170 - 1260 2440 - 267 10 2480 - 272 10 2574 - 2844 11794 - 11814 11.08 - 11.10 11.08 - 11.10 2273 - 2287 274 - 2764	17690 17700 20980 20990 1679, 3685 67,9,68,00 1262 1263 12160 12170 3050 - 30280 2050 - 30280 2050 - 1180 11,79 1180 11,08 11,08 2254 2254 2289 2292 2254 2254 2289 2292	0.61-0.58cpm 0.45-0.35cpm 23-2.4cpm 36-31cpm 54-54cptpm 0.58-0.53cpm 24-2.4cptpm 25-17-cpm 24-15-cpm 21-15-cpm 24-14-cpm 21-21-cpcpm 14-14-cpm 12-11-4-cpm 12-11-4-cpm 13-11-4-cpm	4.04 2.29 7.54 5.23 5.47 8.05 1.10 1.00 1.78 4.50 8.97 9.787	150-151am 0:93-0.79am 61-53-0m 91-82am 144-14am 150-135am 140-135am 140-145am 144-145am 144-145am 144-145am 144-145am 144-145am 144-145am 144-145am 144-145am	3.4.4.6.55.55.6.4.6.9.0.8.0.8.0.8.0.8.0.8.0.8.0.8.0.8.0.8.0

Jan.24	Day's	Cluste	Ove month	7.	Three (months)	7.
JKt.	1,7680 - 1,7830	1.7690 - 1.7700	0.61-0.50cpm	4.04	1.56-1.51pm	3.4
relandt	1.4575 - 1.4700	1.4575 - 1.4585	0.26-0.31rdls	-2.34	0.60-0.7005	-1.7
anada	1.1845 - 1.1875	1.1865 - 1.1875	0.16-0.19cdb	-1,77	0.53-0.576%	-1.8
letherlands .		2.0795 - 2.0805	0.60-0.57cpm	3.40	1.64-1.60pm	3.1
leigium	38.05 - 38.45	38.35-38.45	7.00-5.00cpm	1.89	18.00-14.00pm	2.6
entek	7.06 - 7.14%		10.80-0.55crepm	1.14	2.35-1.75pm	H
. Corozany	1.8195 - 1.8435	1.8425 - 1.8465	0.60-0.57ptpm	3.83	1.63-1.599	3.5
tirtugal	1494 - 151	150 - 151	20-40cds	-239	75-125ds	-26
palq	113.35 - 114.55	114.45-114.55	25-30mik	-291	83-90d/k	-3.0
aly	1335 - 12484	13474 - 13484	3.10-3.80ta-ems	3.09	0.90-9.9005	-2.8
lorway	6.62 - 6.664	6.664 - 6.664	1.15-1.40cm/s	-2.30	3.20-3.60db	-2,0
T3000	6.195-6.274	6.264 - 6.27%	0.37-0.30cpm	0.64	1.18-1.03	27
कटार्थित न्यामा	6.22 - 6.264	6.264 - 6.264	0.65-0.85orells	-2.44	1.65-1.95ds	-2.1
apaq	126.25 - 127.70	127.50 - 127.60	0.56-0.53ypm	515	1.51-1.48mm	4.7
ustria ,	12.794 - 17.89	12.884 - 12.89	2.80-2.10gropm	2.28	9.50-7.50pm	26
entroyed and .	1.5410 - 1.5615	1.5605 - 1.5615	0.54-0.51com	4.06	147-L42	3.7

Austria Switzerland .	12795	17.89	12.88 5 - 12.89 1.5605 - 1.561	2.80-2.10	700m 2.25	9.50-7.50	264
f UK and trej institutud cur	and are quot reacy. Belg	ted in US a law rate is	mency, Forward for convertible	premiums and francis. Florancis	discounts apply at franc 36.50	to the US 60%. -38.60,	
	EUR	10-CI	JAREN	Y INT	EREST	RATES	
Jan 2	•	Short term	7 Days notice	Que: Month	Three Months	Str Months	Care Year
Sterling		131-13 9-8-3 01-10-2 6-1-5-5 5-4-7 5-8-3 7-7-7-4 4-3-3 8-8-9	134-13 94-9 104-104- 65-53 54-44- 84-84- 74-74- 44-44- 84-84-	134-131- 94-131-131- 1031-131- 65-55-68- 121-17-74- 121-17-74- 81-84-	134-13 14-10g 64-64 535-53 814-13 74-74-44 84-84	124-124 91-91 114-114 54-55 653 54-55 653 54-55 653 713-75 44-45 84-84	122-122 94-94 113-113 64-54 64-54 64-54 81-54 122-12 74-74 84-84 84-84

Water 27/03	74-7	74-74	24-24	24.24	24-24	30.26
Long term Enrodoll	ars: two years	94-98 per ce	at: three years 9	H-95 per cent:	lour years 9%-	94 per cent; f

		EX	CHA	NGE	CRC	)\$S	MIE	<u>s</u>		_
Jan.24		5	DM	Yen	F Fr.	S Pr.	H Fl.	Ura	C 5	8 Fc
. <u>£</u>	0.565	1770	3.260 1.642	225.8 127.6	11.10 6.271	2.763 1.561	3 680 2 079	2360 1347	2099 1186	47.9 38.3
OM	0.307 4.429	0.543 7.809	14.44	69.26 1000	3.405 49.16	0.848	1753	731.6 10562	0.644 9.296	20.5 300.
F Fr. S Fr.	0 901 0 362	1.995 0.641	2.937 1.180	203.4 81.72	10. 4.017	2.489	1335	2149 843.2	1.891 0.760	61.2 24.5
H FI. Lira	0.272	0.481 0.742	0.886	61.36 94.66	3.016 4.654	0.751 1156	1543	648.1 1000.	0.570	13.4 28.4
C 5 B Fr.	0.476 1.472	0843	1.553	107.6	5.268 16.34	1.316	1753	1136 3510	3.089	32.3 100.

### FT LONDON INTERBANK FIXING (11.00 a.m. Jan.24) 3 montes US dollars 6 months US Dollars

	2.4		
The fixing rates are the arti	lemetic means rounded to the a	earest one-sincenth, of the l	hid and offered rates for \$10
Bank, Bank of Tokyo, Des	lanetic means rounded to the a e reference banks at 11,00 a.; esche Bank, Banque Nationa	m, each working day. The bu I de Paris and Morgan Guar	and the Market Meanwell and Trust

NEW YORK			Treasur	Bills and	Bonds	
(4pm)		One wants		8.06 Three	<b>78</b>	9.07
Printe rate Broker loan rate Fell funds Fell tunds at letterwestion	104-18 91	Two month  Three month  Six month  One year  Two year		8.75 Seren 8.75 Seren 8.92 10-ye		9,00 8,99
Jan 24	Oversight.	(Inc Month	Tang Months	Three Months	Shr Months	Lorsbard Intervestion
Frankfart	480-5.00	QL DL	5.53-5.70 82-88	5.70.5.85 82-85 54-54	5.85-6.00 81-81	6.00 7.25
Arristerdam	事業	5,85-5.95 43-44	1	5.97-6.07	:	-
Militag Brotsels Dublin	75.75	125-124	711-84	123-124 711-71 8-84	97-85	1

LONDON MONEY RATES										
Jan 24	Overnight	7 days notice	One Month	Three Months	Six Months	One Year				
rbank Offer	131. 10	131	134	131,	121	126				
rling CDsal Authority Deps	12%	13	131	131	121	121				
al Authority Boods	13	127	t -		-					
npany Deposits	-	= `	121 134 136 121	123 133 133 123 123 123 9.30-9.25	124	125 125				
asury Bills (Buy) ik Bills (Buy)	:	-	128	證	_					
e Trade Silis (Suy) iar CDs ? Linked Dep Offer	- 1	-	9.15-9.10	9.30-9.25	12 124 9.45-9.40	9.60-9.55				
R Linked Dep Bid	-	-	77	74	7/2	84				

ECU Linked Dep Offer	- 1	-	81	84	84	84
Treasury Bills (seli): o	ne-month )	213 per ce	nt; three mp	oths 12.3 ou	rom Ban	Bills (seif)-
discout 12,4220 p.c. EC	GO Fixed R	ate Steril	per cent. Th	HARDY BINS	Average U	Sider rate of
Schemes II & III: 14.37 p.c	Reference	7 O.LYS	7 W Februar	y 25 . 1989	Scheme I	13.97 p.c.,
IV&V: 13.173 p.c. Local lixed. Finance Houses Base	REPORT LOT	ממותג ביותם	2 T 1086 I	Rank Dannell	Ballet for s	DOWNS IL SERIE
days notice 4 per cent. Ce under one month 712 per c	ent, one-un	ee monte	4 DA COM!	THE REAL PRICE	ninc 9 nor 2	ANTO STRUCTURE
July 5, 1988 Deposits wi	Carbonac II	aganus ye	Der come.	Under £100	1,000 7 pe	r cent from

### **FINANCIAL FUTURES**

# Profit taking on short pound SHORT STERLING futures October It was also announced Short sterling future

that building societies home loan commitments fell to the

years, at £2.2bn in December,

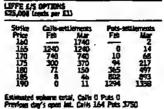
compared with £3.5bn in

The gloomy report from the CBI, and the building societies

finished weaker on the day on Liffe, as traders unwound long positions. Dealers said the taking out of long positions fol-lowed a leak on Monday about the CBI's quarterly industrial trends survey, and the level of mortgage commitments by the

huilding societies. As expected the CBI survey was less optimistic for business and export prospects than in

figures, encouraged bopes that UK bank base rates have peaked, but also led to profit taking. Piets-s Shar 3 与多名公司与当日 をおけるないない 131 遊遊 25 -5 252 Estimated volume total, Calls 1184 Puts 570 Provious 4ar's cost lot. Calls 26349 Puts 17882 Estimated volume total, Calls 35 Pots 59 Province day's open let. Calls 2661 Pots 3307



LONDON (LIFFE)

Estimated Volume 14255 (22621) Province day's poon let, 30521 (28700)

Estimated Volume 556 (316) Province day's open lat. 510 (525)

Est. Vol., (Inc. figs. set shows) 14371 (21125) Province day's open int. 54624 (54504)

Estimated Values 2374 (2924) Province day's open let. 16389 (16112)

Est. Vol. Onc. Figs. not shown) 6478 (4225) Previous day's open Lat. 44721 (44435)

PODNO-5 OFBREIGH EXCHANGE

DEM-STERLING Se per E

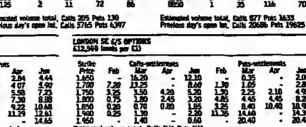
196.50 197.60 194.75 195.40 197.60 200.00 199.30 198.45

90.51 90.46 90.47 90.37

One High Low Pro. 95.20 95.27 95.12 95.00 96.62 94.65 94.56 94.50

17636 17542 1.7429 1.7270

THREE MONTH STERLING ESPO,000 points of 199%



lowest level for nearly two 87.28 and resistance at 87.41.

Short sterling futures for

March delivery remained

locked between support at

After a quiet day the contract finished at 87.35, unchanged from the opening level, and

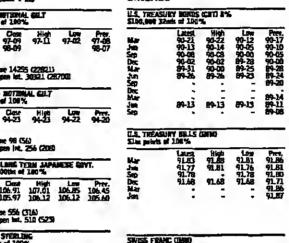
down from 87.38 at Monday's

US Treasnry honds were firmer on Liffe, rising to 90-30 for March delivery, from 90-18.

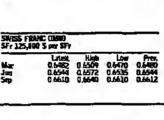
0.5512 0.5478 0.5482 0.562 0.5532 0.5532 0.5600 0.5579

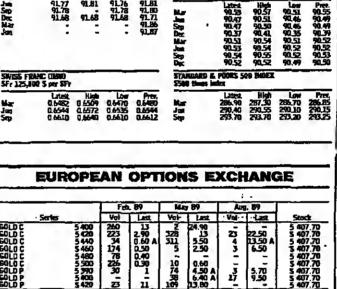
Estimated volume total, Calls 0 Pets 0 Prestons day's open int. Calls 0 Pets 0

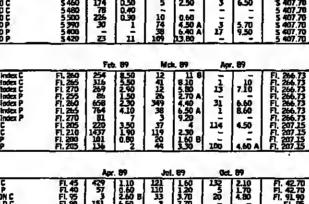
CHICAGO

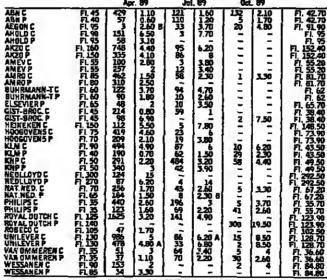


SWISS FRANC (1990) SF: 125,800 S per SF!









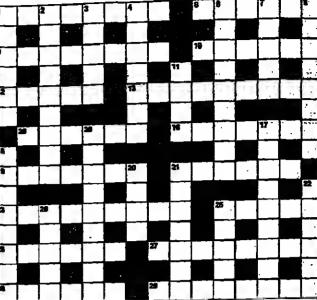
TOTAL VOLUME IN CONTRACTS: 38,480
A-Ast 8-816 C-Call P-Pat

### BASE LENDING RATES

	%			4	
ABN Sank	13	Operatale Bank	ĺ3	Mat Westmisser 13	
Adam & Company	13	Corem Blk N East 1	3	Worthern Bank Ltd 13	
AAB - Allied Arah Bk	13	Co-sperative Bank 31	13	Konnict Ger. Trust 13	
Allied Irish Back	ĭ	Coetts & Co		PRIVAThanken Limited 13	
Heavy Anstacher	ĭ	Oppres Popular Ek 1	13	Previecial Back PLC 14	
ANZ Banking Group	15	Dueber Bank PLC 1	ĭ	R. Raptael & Sors 13	
Securitate Can Cam	'n		3		
Associates Cap Corp	74				
Asthority Back	13		3	Royal Elir of Scotland 13	
B & C Merchant Bank			312	Royal Trust Bask 13	
Bask of Baroda	13		3	Smith & William Sex 13	
Banco Bilban Vizzaga _	13		14	Standard Chartered	
Bank Happalim	13		3	75813	
Bartir Credit & Comme	13	Robert Freeze & Plans 1	34	United Sk of Kurait 13	
Bank of Cyares	13	Girobank 1	3	United Microbi Bank 13	
Bank of Ireland	13		3	Unity Trest Back Pfc 13	
Bank of India	ĭ	HFC Bank pk 1	3	Wastern Trest 13	
Bank of Scotland	ĭ		3	Westpac Bank Corp 13	
Bange Beige Lid	ŭ		3	Weltesery Laidlan 131,	
Bardays Bank	ij	• Hill Same!		Yorkshire Bank	
Beachmark Bank PLC		C Harry Co.	3	144 Marie 100 Ma	
Berliner Bank AG	13		3		
Brit Blt of Mid East		Househood & Shareth 1		· Mexices of British Merchant	
DUIT OF CHEN CAST	13		3		
Brown Shipley	13		3	Banking & Securities Rouses	
Business Milge Tst	1312		3	Association. * Deposit now 5,22%	
CL Bank Nederland	13	(Colored Degles Set 1	3	Savewise 8.47%. Top	
Central Capital	13	Midland Bank 1	3_	Tier-£10,000+ Instant access	
Diarterhouse Bank		Mortgage Empress Ltd 21	395	11.72% & Mortgage have rate. §	
Citibank RA	13	Marcet Bridg Corp	3	Personal deposit 6%. Martgage	
City learchasts Bask	13	Kee Ris of Kustait	3	13.625% - 14.00%	

### **CROSSWORD**

No.6,843 Set by DANTE



ACROSS

Possibly price a ring it's invaluable (8) 5 A union measure (6) 9 Send a letter, but don't

expect anything to come of it (5.3) 10 A small-holder in the fruit

trade (6)
12 Peer found among the quality (5)
13 Raise cost somehow or get cut off (9)
14 Novel craft on the Trent (6)

16 Punish a favourite dog (7) 19 Bridge is a card game (7) 21 Girl out in coma (6) 23 A bad forecaster (9) 25 House doctor out, perhaps

26 Highly decorated lid for a new dish (6) 27 I'm retiring into an easily managed residence (8)

28 Take cover when one is after a gangster (6) 29 Exploit at length, advantageously (8)

I Fine stuff we drop all over the place (6) 2 His tastes are refined and

pure, a nice change (9) 3 I buy and sell to perfection (5)
4 Give the sack to a priest, ontcome of fun and beat music? (7)

DOWN

6 Children are given it in dif-ferent forms (9)

ferent forms (9)
7 I am repeatedly after information found in Arabian tales (5)
8 Begs for an adjustment in

net rates (8)
11 Take some uniforms to wolf

pack (4)
15 A girl getting into trouble for hero-worship, possibly

17 Punishment escaped by unnamed soldiers (4-5)

18 Precise remedy (8)
20 Agrees to one result of decimal coinage (4)
21 Grassland mowed 25

22 A heavenly model (6) 24 Kitty's capsized sailing boot

25 He's taken to be a criminal

Solution to Puzzle No.6,842

ordered (7)

**JOTTER PAD** 

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# The London Motor Conference

London, 6 March, 1989

The Financial Times is arranging an important one-day Motor conference at the Hotel Inter-Continental in London on 6 March.. The meeting is timed to coincide with the Autopartac '89 Exhibition being held at Olympia from 5-7 March.

The speakers taking part include:

Mr John Lawson Executive Director & Automotive Analyst Nomura Research Institute Europe Ltd

M. Noël Goutard Président Directeur Général VALEO

Dr John G White Group Managing Director BBA Group PLC

Mr Roger H Storey Chairman Quinton Hazeti pic

Mr Tim Worrall Managing Director Quicks Group plc

Mr Ronald H Lamb Group Managing Director Solaglas Ltd

**Dr John Wormald** Principal Booz Allen & Hamilton

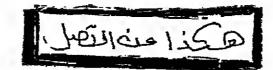
**Professor Garel Rhys** SMMT Professor of Motor Industry Economics Cardiff Business School



For information please return this advertisement, together with your business card, to: **Financial Times** 

**Conference Organisation** 126 Jermyn Street, London SWIY 4UJ

Alternatively, telephone 01-925 2323 telex 27347 FT CONF G Fax: 01-925 2125



### **WORLD STOCK MARKETS**

AUSTRIA January 24 Seb + sr - Crestantal 12 060 1410	FRANCE (continued) James 24 Frs. + or	GERMANY (continue)  1 January 24 Day. + or -	ITALY (continued) Jamesy 24 Lire + er	SWEDGE January 24 Krager + or	CA	NADA
Do. AFV 1.4.1.4. 1.4.1.4. 1.4.1.4. 1.4.1.4. 1.4.1.4.	1.791	Britisper & Brows   325   344   3   325   344   3   325   344   3   325   344   3   325   344   3   325   344   3   325   34	Resident   1	AGA B 5 Free!	TORONTO  2prer prices January 24  Guestions in cores unlesses marked 8.  20107 AACA Let 60 980 380 180 180 180 180 180 180 180 180 180 1	Section   Section   Section   Claser   Claser
De Deschertab   698.6   21   Des Deschertab   419.9   42   Des Deschertab   419.9   42   Eart Actorit   501.7   41.4   Galf Robling   268.9   44   Jyshe Earth   422.2   43   Jyshe Earth   422.2   43   Hooriek Kadel   687   49.9   Hooriek Kadel   687   49.0   Hooriek Kadel   697   69.4   Hooriek Kadel   697   69.9   Hooriek Kadel   69	Pretabal Scase	Traly	SPACIN   Separate	SECUTIN AFRICA   January 24   Raum   + or -	NEW YORK   DOW JONES     Sace complished	Jun.   Jun.   Jun.   Jun.   Jun.   1990/69
Chiha Bank 11.470 —	ABG A Verteir 204	Monte   1,000   -25	Column   C	Top Cast   156   157   167	Jan 20   Jan 13   Jan 6   year ago (agorest.)	SINGAPORE Straics Times, Ind. CO()12/66) 1087 68 1096.00 1095.30 1099.24 1177.87 (8/8/68) 833.604/1/88)  SOUTH AFRICA JSE Gold (28/9/78)
Chaite Elect Par   5,139   4210   Chayal Planer   1,570   Chayal Planer   4,510   4350   Chayal Planer   4,510   4350   Chayal Planer   4,510   4350   Chayal Planer   917   420   Chayal Planer   917   42   Chayal Planer   917   42   Chayal Planer   2,546   -10   Chayal Planer   2,546   -10   Chayal Planer   1,111   420   Chayal Planer   1,111   420   Chayal Planer   1,110   420   Chayal Planer   1,110   420   Chayal Planer   1,110   420   Chayal Planer   2,570   430   Chayal Planer   1,530   430   Chayal Planer   1,530   430   Chayal Planer   1,570   450   Chayal Planer   1,570   450   Chayal Planer   1,570   450   Chayal Planer   1,570   450   Chayal Planer   1,570   Chayal Planer	Series Series 721	Bapos Zees	Torside   Sec.   1,070   420   7   7   7   7   7   7   7   7   7	Wooder Febral   194   195   196	Back solver of All Indices are 100 except MYSE All Covenes—15t Speaked and Provide Township Covenes and Metals — 1000. Townste relations based 1975 and Measured Portfolio 474,83, 7 Excluding boack.  1 Indication of Covenes and Measured Portfolio 474,83, 7 Excluding boack.  1 Indication of Covenes and Measured Portfolio 474,83, 7 Excluding boack.  1 Indication of Covenes and Measured Provided Prices on day Transfer Prices on day Tran	
1,220		Sanction	All   American   246	RK Bendrie	Your FT hand delivered to your office at no extra charge and your business.  Your FT hand delivered to your office at no extra charge and your business.	When you take out your first subscription to the FT, we'll send you 12 issues free. Then see for yourself wby Frederick Ungeheuer, Time magazine's senior financial correspondent, describes us as "the paper with the best coverage of international finance."  Frankfurt 0130-5351 (toll free) and ask for Karl Capp for details.  ALTIMES

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## **NEW YORK STOCK EXCHANGE COMPOSITE PRICES**

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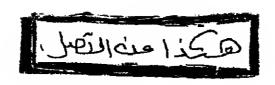
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FINANCIAL TIMES

### **AMERICA**

# Strong dollar helps Dow rebound

**Wall Street** 

A STRONGER dollar and a positive reaction to remarks by Mr Alan Greenspan, chairman of the US Federal Reserve, about the central bank's resolve to fight inflation yes-terday helped equities wipe out their late slump on Monday, writes Janet Bush in New York.

The Dow Jones Industrial Average started with modest gains, but bnying gained By 2 pm, the index was quoted 35.18 points up at 2,253.57, the highest it has been since the October 1987 stock market crash. Volume was moderate with 106m shares changing hands by midsession.

One factor that clearly helped the market was the dollar, which rebounded from lows in the Far East partly due to Mr Greenspan's testimony efore the House Banking

The dollar derived support from his tough comments on fighting inflation which were seen by foreign exchange deal-ers as suggesting that US interest rates will rise further.

Mr Greenspan said that cur-

high and must be brought down. He said that it was the Fed's judgment that the long-run costs of a return to higher inflation "and the risks of this occurring under current circumstances are sufficiently great that Federal Reserve policy at this juncture might well be advised to err more on the side of restrictiveness than of

stimulus. Although there was nothing particularly surprising about these remarks, they served to emphasise the Fed's desire to pre-empt a build-up of infla-

tionary pressures.
His testimony counteracted remarks by Mr Leonhard Gleske, a director of the Bundesbank, that the West German central bank would prefer to see the dollar below DM1.80. Among other remarks of interest yesterday to the equity market were those by Mr Nicholas Brady, US Treasury Secretary, in written testimony to the Senate Finance Commit-tee. He urged Congress to con-sider proposals to relieve the double taxation of corporate dividends rather than to deny

the interest deduction on debt in leveraged buy-outs.

Any relief of double taxation of dividends would clearly ben-efit the stock market

The day began well for equi-ties as prices looked cheap after the late fall on Monday which took the Dow more than 16 points lower. Some of that selling had been attributed to programmed selling and not for any fundamental reasons.

Blue chip issues led advanc-Blue chip issues led advancing stocks yesterday morning. International Business Machines jumped \$1% to \$124, American Telephone & Telegraph rose \$1% to \$30%, Dow Chemical added \$1% to \$31% and Eastman Kodak was up \$% at \$46%. \$1/2 at \$46%.

Kemper gained \$1% to \$26% after the company boosted its quarterly dividend and announced plans to exchange a subsidiary for part of Lumber-mens Mutual Casualty's 49 per cent stake. One broker raised its investment rating on Kemper and another boosted

Travelers Real Estate Inves ment Trust rose \$1% to \$8% and Travelers Realty Income Investors added \$% to \$11% on news that Keystone Group had agreed to acquire the trusts for respectively.

In over-the-counter trading onics surged \$5% to \$19% after the company said it had agreed to be acquired by Expant International of Britain for \$20 a share.

Quaker Oats slumped \$1% to \$53% after disappointing results. The company announced fiscal second quarter earnings lower than a year ago when most analysts had expected stronger earnings

La-Z Boy Chair sagged \$% to \$17% after saying its fiscal third quarter earnings were expected to be lower than a

GAINS on Wall Street were paralleled in Toronto, where share prices stood higher at midday. The composite index rose 7.3 to 3,565.9 on turnover of 14.5m shares.
Active industrials included

Air Canada, steady at C\$9%, and Canadian Pacific, up C\$% at C\$22%. Stelco, which is repurchasing some of its stock, declined C\$% to C\$24%.

surging to another record high,

writes Michiyo Nakamoto in

Tokyo.
The Nikkei average gained momentum thronghout the day, finishing the day up 224.80

at a record 31,557.68. Broad-

at a reast 31,557.68. Broat-hased buying saw 603 rises against 340 falls, with 140 issues unchanged. Turnover at 1.36hn shares was larger than the 1.02bn traded on Monday but not hec-

traded on Monday but not hec-tic enough to raise concern about overheating. The Topix index saw a hefty 20.57 point gain, finishing at 2,460.92 and the ISE/Nikkei 50 index in Lon-don later rose 8.62 to 1,994.46. The Japanese market's cur-rent sensitivity to external fac-tors has been mirrored in the past few sessions, which have seen share prices slump in the face of rising interest raies, a weaker yen and higher crude.

West Texas Intermediate in

New York yesterday, which

was taken as a sign that oil prices might have hit a ceiling for now, quickly sent share prices rebounding. The feeling

was that investors had been

waiting for an opportunity to

resume active buying.

The generally bullish tone of the market has led to "circu-

lar" buying, where investors move from sector to sector, including those related to spe-cific themes that have affected

the market recently and those that have underperformed or

been neglected for a while.

Stocks that rise to new highs tend to suffer quick profit-tak-

Mitsuhishi Heavy Industries

for example, which had gained considerably from its position

as the leading defence contrac-tor and its role in the aero-

space industry, lost Y10 to Y1,190. It was again the top volume issue with 69.6m shares

Construction companies

ries of fiscal spending, advanced again although they

traded.

the yen's

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**ASIA PACIFIC** 

Tekyo

# Allergy to new Cats system fades

Tim Dickson reports on Brussels' first day of computerised trading

HATE CATS stickers have bsen conspicuously sported on lapels in and around the Brussels Stock around the Brussels Stock Exchange in recent weeks. However, as the Computer Assisted Trading System officially launched by the bourse yesterday ushered in a new era for the Belgian market, the overriding emotion among stockbrokers seemed to be one of gradeing affection. of grudging affection.

Cats is the continuous elec-tronic trading system, the introduction of which marks the first of a series of planned structural measures designed to make Brussels more compet-itive with other European financial centres in the run-un

Developed first by tha Toronto Stock Exchange and already in use in Paris and Madrid, the system is intended to bring more transparency to stock pricing and to help bring back to the central market at least part of the growing volried out by local banks or, as Mr Jean Peterbroeck, President of the Stock Exchange Commission, remarked pointedly yesterday, by institutions in



Overhauling old bourse image London and elsewhere.

By most accounts the first session for Cats passed without serious incident. Trade volumes for the three stocks for which prices are now available which process are now available through its screens were reasonably high by recent standards. About 17,600 shares in GB-inno-BM, Belgium's biggest retailer, changed hands, while

turnover in Solvay, the chemi-cals group, exceeded 8,700 shares and in Tractebel, the energy and telecommunications group, was more than

"It's been an experience," a representative of one of the larger broking firms reported cheerfully from his back office. "It seems to have worked better than the first day of the Big Bang in London," he added with a touch of smugness.

Local enthusiasm, however, was not shared by one Lon-don-based stockbroker who don-based stockbroker who sharply criticised the "inade-quate" quality of the informa-tion provided for outside users. "The brokers have a monopoly of the information on the sys-tem and others, like the local banks, are being kept in the dark. I've seen better attempts at introducing more transpar-

Inside the hugely impressive, if rather cavernous bourse itself, there was the usual quickening of activity on the floor before yesterday's 12.30 am opening of the so-called Forward Market, which will continue to operate an open outcry system with chalk and

blackboard for some time:
The aim is to add about three stocks to Cais every fortnight, concentrating on Belgian companies this year and moving on to foreign shares in 1990, but there are no plans for the moment to automate the the moment to automate the cash market (roughly 30 per cent of business). Given this and the ambition

of the authorities to develop floor-based options and futures trading on the exchange, there is no reason for the sentimentalists to suppose that Cata will quickly sweep away the old-fashioned desirs and contous order forms which make corners of the bourse feel like a cross between a Victorian schoolroom and a branch of william Hill, the bookmakers. trading on the exchange, there

Although there were some who clearly regretted the repla-cing of men with machines, most brokers yesterday stemps to be putting on a brave face.
"We have to modernise," said the partner of one tiny firm The representative of a lead ing Antwerp-based firm observed: "The new system provides much better information and will offer far more

possibilities to trade.

# Perrier speculation puts the fizz back into France

France and a recovery in senti-ment in Germany helped prices pick up strongly, writes Our

Markets Staff.
PARIS welcomed the start of the new account with a healthy rise, as takeover talk took Perrier sharply higher.

The drinks groop was suspended after climbing by its maximum allowed amount, and then requoted, to finish FFr137 higher at FFr1,825. There were suggestions that it might merge with foods group BSN, FFr10 higher at FFr690, but BSN said the rumour was unfounded. It was also thought possible that Exor might be adding to its 32 per cent stake.

Exor rose FFr141 to FFr1,561. Maisons Phenix was strong again, adding FFr8.10 to FFr93.90 amid rumours, denied by Générale des Baux, that the water company might be inter-ested in selling its 42 per cent

A strike by bourse employoptions stocks. The OMF 50 index rose 2.14 to 458.22.

FRANKFURT recovered its nerve after drifting down for the past two sessions and selected stocks made strong gains in far more active trad-ing. The FAZ index rose 5.42 to 556.63, virtually recouping the ground lost on Monday, and the DAX closed up 15.97 at 1,334.18. Turnover was a strong

Daimler made up DM7 to DM686 after losing DM31 in the last two sessions, while Por-sche was off DM1 at DM625. Porsche said it expected much higher profits this year after a halving last year and announced it was holding its dividend. One analyst said the stock could become a speculative play as the growing cost of new model development raised the prospect that the controlling Quandt family might decide to sell.

Construction stocks were strong on the back of good order inflow and prospects of more commercial building activity, with Hochtief rising DM19 to DM684 and Holzmann up DM13 ot DM643. The asset theme was at

work, with property manage-

ment company IVG seeing its stock jump DM32 to DM357 for a two-day rise of 21 per cent on interest in the value of its hold-ings in Dnsseldorf and the south. Retailer Karstadt, which owns a lot of city centre prop-erty, rose DM7 to DM431.

Siemens was up DM8.30 at DM532.80; it announced agree ments with Westinghouse of the US on sales of circuit breakers and programmable logic controllers, used in fac-tory automation and machin-

ZURICH gained ground in slightly improved turnover as a burst of late buying took the Crédit Sulsse index up 2.2 to 538. Expectations of good cor-porate results and improved

dividends aided sentiment.
Jacobs Suchard, the confectioner, said in a press interview that it could quadruple profits and triple sales in the next few years, and its bearers rose SFT70 to SFT7,170. It also said there was no question of letting foreigners but its registered shares as Nestlé had done, and that it hoped to list its bearers in London and per-

haps Tokyo.
AMSTERDAM eased slightly despite a firmer dollar and a well-received pricing for the partial flotation of DSM, the state-owned chemicals group. The CBS tendency index closed 0.4 down at 162.9 in turnover said to be similar to Monday's

The DSM pricing at FI 108 was at the low end of expectations and pleased the bourse, where it will be listed on February 8. The share price reached FI 114 in grey market trading before easing to FI 112.50. Fellow chemical stock Akzo added FI 1 to FI 152.40 after lagging behind other internationals such as Royal Dutch and Unilever. Dutch and Unilever. Fokker fell 60 cents to Fl

### **SOUTH AFRICA**

A WEAKER financial rand and firm bullion price fuelled fur-ther demand for quality stocks in Johannesburg, where gold shares shone. Vani Reefs added R8 to R297. worried about the possible loss of a Fl 700m contract from wardair of Canada, which is under takeover offer. VMF Stork, maker of printing and processing machinery, rose Fl. 30 to Fl. 29.90 on takeover

MILAN ended unchanged in continued thin turnover, with pockets of activity. The Comit index was steady at 604.19 in volume estimated below Monday's L170bn.

Fiat fell L50 to L9,900 before detailing its 1988 results. STOCKHOLM resumed its climb to another high in afternoon trading after early profittaking. A general reluctance to sell underpinned the market and the Affarsvärlden General

index rose 1.3 to 1,046.6. Volvo was driven higher, amid revived speculation it was adding to its stake in Pharmacia. Its free Bs gained SKr13 to SKr427, while Phar-macia shed SKr2 to SKr187. oil price, with the all share index shedding 3.42 to 393.12. Trading was active, with turn-

Saga Petroleum dropped NKr3 to NKr113 and Norsk Hydro lost NKrl.50 to NKrl41. Norsk Data free B shares fell NKr1 to NKr42 before the company announced a heavy loss for 1988 - its first ever - and a 20 per cent cut in its workforce. Later in London the stock gained ground on what one salesman said was the feeling that it would turn around

HELSINKI benefited further from new overseas interest, closing higher in active trade. The Unitas all share index put

Demand for blocks as large as 500,000 shares was reported in London, but there were also sellers of packages of about 200,000 shares, according to one salesman. Demand was from new investors, while sell-ing came from smaller institutions, who might have had their fingers burnt in a frothy Finland in the past, he said.

BRUSSELS gained ground on demand for chemicals, with the cash index adding 35.3 to 5,742.7.

Nikkei hits record high as oil prices weaken momentum. Taisei Construction, second on the most actives list at 37.5m shares, THE RELIEF with which investors greeted a weakening in oil prices and a rebound in firmed Y10 to Y1,380. Utility companies featured the yen against the dollar quickly turned into bullish buying which sent share prices on the strength of lower oil

prices and a stronger yen.
Tokyo Electric Power gained
Y250 to Y7,430 and Kansai
Electric Power advanced Y210 to Y5,500. Regional utilities such as Chugoku Electric Power, which added Y350 to Y4,310, were favoured as lagging the main city ntilities.

Trading companies were sought on better earnings prospects as investors expect improved economic relations with communist countries to boost trade. Brokers were also said to be selecting trading companies because they trade in large volume and generate considerable profit. C. Itoh and Mitsui & Co. both advanced Y40 to Y1,120 and Y1,110 respectively.

company, featured on better earnings prospects due to the sale of liners on unprofitable routes. Investors were also attracted by its plans to go into the luxury passenger liner business. Nippon Yusen was the third most actively traded stock with 35.5m shares and rose Y27 to Y947.

in Osaka, interest in domes-tic-demand related issues helped raise the OSE average 112.54 points to 29,562.88. Turn-over increased to 151m from 100m on Monday.

### Roundup

RENEWED foreign buying belped Australia higher, while Hong Kong managed to pass the 9,000 level on the Hang Seng index in spite of lingering worries over today's land anc-

AUSTRALIA reversed a weak start to end higher as firmer metal prices buoyed overseas demand. The All Ordinaries index rose 2.1 to 1,525.3.
In industrials, Lend Lease rose 20 cents to A\$11.15 after news that its subsidiary, MLC, had abandoned its takeover offer for the Australian Bank. Elders IXL saw further foreign demand, adding 2 cents to A\$2.94 on turnover of 3.42m

shares. Turnover eased from Monday's level, reaching 92.4m shares worth A\$192m.

> HONG KONG ended higher after finctuating throughout the session, as bargain-hunters waded in when prices fell. The Hang Seng moved between 2,872.35 and 2,902.01, finishing

up 3.50 at 2,901.03. Turnover reached HK\$1.29bn in value against Monday's HK\$1.01bn, with investors still cautious before today's govern-

ment land auction.

Hongkong Land topped the most actives list, moving above HK\$10 in price. It added 30 cents to HK\$10.20 on turnover worth HK\$126.6m. Cheung Kong, second most active, was unchanged at HK\$9.20, while its associate, Hutchison, lost 5 cents to HK\$9.45.

SINGAPORE fell back on renewed concern over the health of Mr Mahathir Mohamad, the Malaysian Prime Minister, after news of his coro-nary bypass operation. The Straits Times industrial index closed off 8.32 at 1,087.68. Turn-over fell to 37m shares from

Monday's 46.5m. WELLINGTON benefited from a further fall in domestic interest rates and the New Zea; land dollar, with the Barclays index making its biggest rise of the year. It gained 32.25 to 1,953.77, as investors shrugged off last week's collapse of Equi-ticorp International.



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### FT-ACTUARIES WORLD INDICES

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NATIONAL AND RECIDHAL MARKETS		MOND	Y JANUARY	23 1989		FRIDA	Y JANUARY	20 1989	Di	LLAR IND	EX
Figures in parentheses . show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Olv, Yield	US Dollar Index	Pound Sterling Index	Local Currency index	1988/89 High	1988/89 Low	Year ago (approx)
Australia (90) Austria (18) Austria (18) Belgium (63) Canada (126) Demoark (39) Finland (26) France (131) West Germany (102) Hong Kong (46) Ireland (18) Liaby (98) Japan (456) Malaysia (36) Mexico (13) Netherland (38) New Zealand (24) Norway (26) Singapore (26) Spain (42) Swetzerland (57) United Kingdom (314) USA (570)	132.47 157.81 133.46 116.07 85.08 120.03 133.69 84.35 193.75 163.43 114.88 69.92 159.37 133.48 124.35 146.83 77.64 142.22 115.76	544472773322430014777495852777	126.60 80.60 80.60 110.74 131.93 17.13 100.34 111.76 161.97 125.62 96.03 131.23 111.59 103.99 124.17 164.91 118.89 96.77	114.98 92.11 127.85 114.01 153.09 119.45 113.93 81.01.77 129.25 156.52 156.52 157.19 408.74 108.80 194.55 119.42 105.54 118.89 113.76	4.67 2.67 3.93 3.20 1.98 2.85 2.31 3.93 0.48 2.71 1.25 4.54 6.60 1.88 2.23 4.55 2.10 2.26 4.55 2.10 2.26 4.55 2.26 4.55 2.26 4.55 2.26 4.55 2.26 4.56 2.26 4.56 2.26 4.56 2.26 4.56 2.26 4.56 2.26 4.56 4.56 4.56 4.56 4.56 4.56 4.56 4.5	150.68 95.07 133.37 133.42 158.10 132.54 116.43 85.43 120.28 131.80 85.43 191.84 150.04 161.12 114.04 71.13 158.79 133.11 126.17 149.68 146.12 76.75 141.27	126.32 79.70 111.81 111.85 132.54 111.11 97.61 100.84 110.49 140.83 125.77 95.61 133.12 111.59 105.77 125.48 125.48 125.48 125.48 125.48 126.43 118.43 97.71	114.70 91.30 127.62 114.77 153.96 114.70 61.83 120.45 127.85 86.19 155.52 157.41 404.91 108.27 544.62 119.13 105.07 130.12 130.12 136.14 130.15 130.15	152.31 100.00 139.89 133.42 161.60 139.83 117.51 90.40 120.91 144.25 144.25 159.67 135.89 135.89 139.07 144.47 146.97 86.75 142.22 116.68	91.16 83.72 99.14 107.06 111.42 106.78 84.90 104.60 91.33.61 107.83 95.23 63.23 63.23 63.23 98.55 97.99 98.26 130.73 98.26 130.73 98.26 130.73	100,39 89,15- 104,08 109,50 112,33 109,71 74,56 69,50 91,43 112,90 70,11 147,02 119,87 124,96 95,82 76,18 103,91 105,57 130,46 104,65 77,47 129,01 102,91
Europe (1.007)	116.78 143.04 188.96 160.06 116.67 100.88 131.55 158.75 142.25 142.35 117.45	\$29 \$29 \$20 \$20 \$20 \$20 \$20 \$20 \$20 \$20 \$20 \$20	97.62 119.58 157.96 133.81 97.53 84.33 109.97 132.71 118.92 119.00 98.18	105.14 129.84 153.19 134.13 115.69 96.76 111.06 133.31 128.28 127.53 111.99	3.59 1.97 0.70 1.56 3.59 2.82 4.41 1.63 1.69 2.21 3.64	116.52 142.66 187.16 158.90 117.46 101.02 131.36 157.69 141.93 141.95 117.83	97.68 119.60 156.92 133.21 98.47 84.69 110.12 132.20 118.98 119.00 98.78	105.24 129.93 152.26 133.60 116.48 97.23 111.00 132.82 128.25 127.46 112.46	116.78 192.26 161.61 117.55 102.91 131.55 160.10 143.47 143.13 117.83	97.01 130.81 120.36 99.78 80.27 87.51 120.26 111.77 113.26 100.00	99.19 143.08 125.54 103.26 80.73 95.52 125.05 115.25 116.37 101.82

Base values: Dec 31, 1986 = 100; Finland: Dec 31, 1987 = 115.037 (US \$ Index), 90.791 (Pound Sterling) and 94.94 (Local); Nordic: Dec 30, 1988 = 139.62 (US \$ Index), 114.42 (Pound Sterling) and 123.18 (Local); Nordic: Dec 30, 1988 = 139.62 (US \$ Copyright. The Financial Times Limited, Goldman, Sachs & Co., and County NatWest Securities Limited, 1987 Latest prices were unavailable for this edition.